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REPORT OF THE COMMISSION OF INQUIRY INTO REDUNDANCIES AND LAY-OFFS

March 1979

**A.W.R. CARROTHERS, Chairman
J.J. MUNRO, Member
C.H. PERRAULT, Member**



**Labour
Canada**

**Travail
Canada**

R E P O R T

OF THE

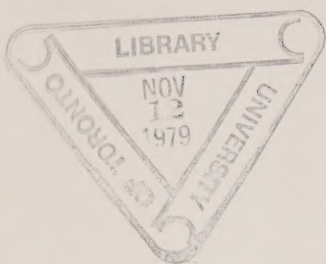
COMMISSION OF INQUIRY INTO REDUNDANCIES
AND LAY-OFFS

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Published by Authority of the Minister of Labour,
Government of Canada

Egalement disponible en français sous le titre
Rapport et recommandations de la Commission d'enquête
sur les excédents de main-d'oeuvre et les mises à pied

Available from

Public Relations Branch
Labour Canada
Ottawa, Canada
K1A 0J2

(819) 994-2238

© Minister of Supply and Services Canada 1979

Cat. No. L 35-1979/1

ISBN 0-662-10529-X



Commission of Inquiry
on Redundancies
and Lay-Offs

Commission d'enquête sur les
excédents de main-d'oeuvre et
les mises à pied

Chairman/président: Dr. A.W.R. Carrothers
Member/membre: J.J. Munro
Member/membre: C.H. Perrault

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Vancouver, B.C.
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April 5th, 1979.

The Honourable Martin O'Connell,
Minister of Labour,
Government of Canada.

Dear Mr. Minister:

The members of the Commission of Inquiry into
Redundancies and Lay-Offs, are pleased to transmit to
you, in accordance with the directive of March 9th,
1978, its Report and Recommendations.

A.W.R. Carrothers, Chairman.

J.J. Munro, Member.

C.H. Perrault, Member.

AIDE MEMOIRE ON BASIC RECOMMENDATIONS IN THE REPORT OF THE COMMISSION OF
INQUIRY INTO REDUNDANCIES AND LAYOFFS

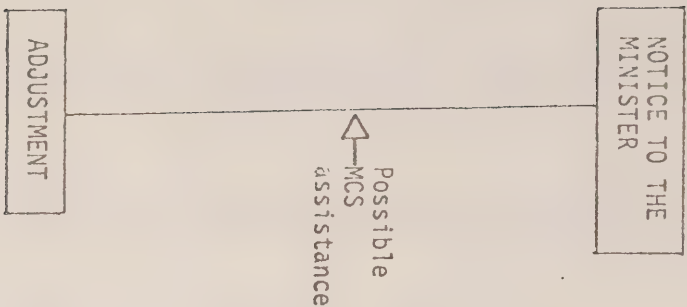
1. An employer would be obliged as a matter of law to give to all interested parties notice of intent to introduce changes which may lead to redundancy and layoff (page 253).
2. The operation of a joint Labour-Management Committee would be optional on the decision of either party; the option would have to be prescribed by law (page 255).
3. A Manpower Consultative Service would be available at the option of either party; the option would have to be prescribed by law (page 255).
4. No time frame is prescribed for joint consultation because it cannot be determined in advance what would constitute time and effort to develop an adjustment plan (page 258-9, 260-1).
5. Control over delay caused by impasse would be through ad hoc intervention (page 262), which in a particular case could involve ad hoc legislation.
6. When an adjustment plan has been determined, notice of implementation must be shortened by legislative amendment from the time now provided in Section 60(1) of the Canada Labour Code. A minimum period for implementation should be prescribed by Ministerial regulation (page 261).
7. The scope of coverage of the processes of consultation and adjustment should be prescribed by Ministerial discretion (page 261).
8. The creation of a standing Works Council would be voluntary (page 260).
9. Recommendations are made that
 - (a) Further attention be given to the needs of older workers (page 263).
 - (b) Attention be given to making pension plans portable (page 264).
 - (c) For both statistical and early warning reasons, all employers within Federal jurisdiction be required to provide notice to the CE&IC of an intent to introduce change likely to cause redundancy.

PRESENT AND PROPOSED PROCESS

FOR

DEALING WITH NON-TECHNOLOGICAL CHANGE

PRESENT



PROPOSED

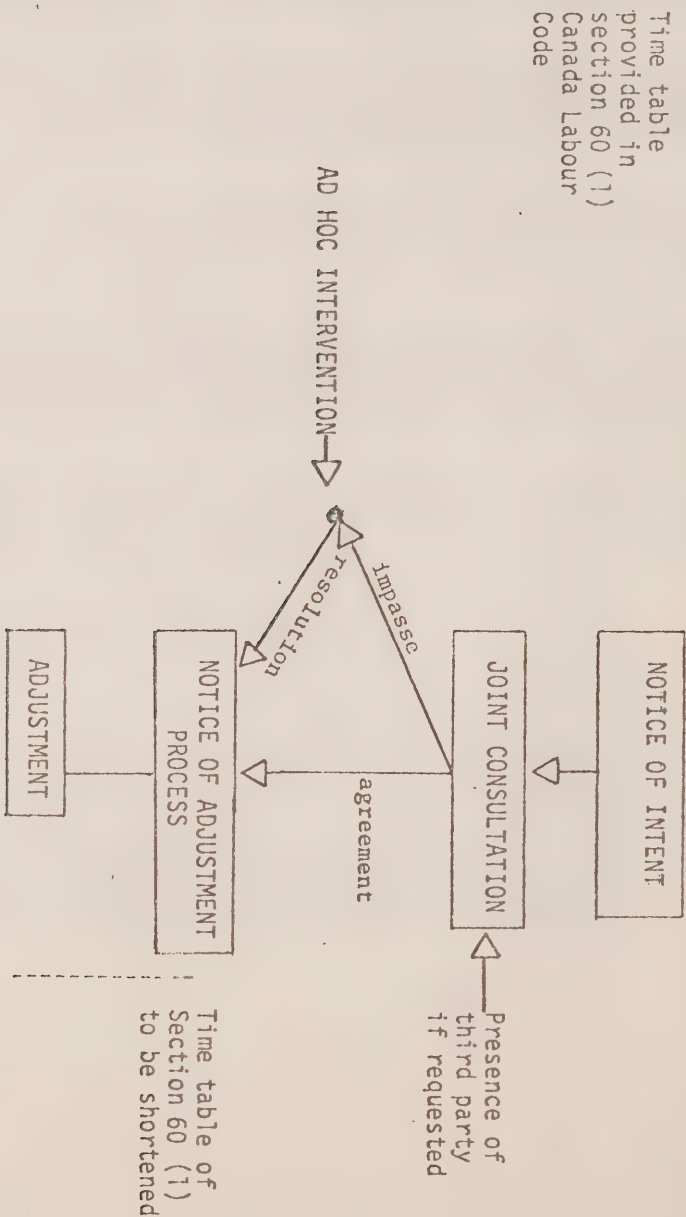


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CHAPTER I

INTRODUCTION

A. The Creation of the Commission and the Establishment of its Office

001 Pursuant to Section 198 of the Canada Labour Code, the Honourable John Munro, Minister of Labour in the Government of Canada, appointed A.W.R. Carrothers, Chairman, J.J. Munro, Member, and Charles Perrault, Member, as an Industrial Inquiry Commission, under date 9th March, 1978.

002 Val Chapman was the first staff appointment as Executive Secretary to the Commission, effective 6th March, 1978. Sheila Whelan joined the staff on 1st April, 1978.

003 Robert Gordon, who at the time was Special Advisor in the Department of Justice, Ottawa, was appointed Executive Director to the Commission, effective 3rd April, 1978; in May he resigned to accept an assignment in Ottawa. C.R. Scott, Labour Canada, Ottawa, was appointed Research Director to the Commission in May 1978. John Drew, Director General, Manpower Coordination Branch, Canada Employment and Immigration Commission, Ottawa, was appointed Executive Director and commenced work with the Commission at its headquarters in Vancouver on 21st June, 1978.

004 The establishment of the Vancouver headquarters was accomplished with the assistance of Public Works Canada, Labour Canada and the Vancouver office of Labour Canada, where temporary accommodation was provided at the outset.

B. The Commission's Terms of Reference and their Interpretation

005 The terms of reference given to the Commission are as follows:

In the interests of mitigating adverse effects of redundancies and lay-offs the Commission of Inquiry be directed to inquire into the following matters in those industries which fall under federal jurisdiction and report thereon to the Minister of Labour:

- (1) the redundancy and lay-off procedures utilized by employers
- (2) the union/management relations in redundancy and lay-off situations, their mutual and respective obligations to employees and to the community at large
- (3) the access to prior information on redundancies and lay-offs
- (4) the effectiveness of federal legislative, regulatory and program measures designed to assist in redundancy and lay-off situations
- (5) the possibility of changes and improvements in practices and procedures of employers, unions and government with a view to avoiding lay-offs to the extent possible and minimizing their adverse effects when they do occur
- (6) the possibility of developing a code of good practice with respect to redundancies and lay-offs
- (7) any matters incidental or relating to any of the foregoing matters.

006 An immediate concern of the Commission was to consider its operation in light of the fact that our terms of reference necessarily were confined to industries whose labour relations fall within federal jurisdiction and whose employees constitute less than 10 per cent of the country's labour force. We wished it understood that we were independent of the federal government and that it was not our function to augment the federal presence in provincial jurisdiction. We were mindful that this is a sensitive issue. Yet we were aware that labour relations in general, and problems of redundancy, so far as the parties of interest are concerned, do not fall neatly into constitutional pigeon holes. In addition, manpower planning is an area of concern to both federal and provincial governments, and federal dollars are in fact being applied to manage manpower adjustment problems at the provincial level with varying degrees of provincial co-operation. Furthermore, actions taken at the federal and international levels, notably in the area of international trade and protective practices, can and do create adjustment problems at the provincial level.

007 Most Ministers we had an opportunity to meet encouraged us in our assignment; in some instances we met at length with ministerial staff to discuss matters of provincial concern, as well as matters falling within our assignment.

008 Some Ministers took the view that our report could be used by parties of interest in a matter within provincial jurisdiction, and that where provincial authorities might be called upon to intervene in a particular problem, they may have more than a passing interest in the contents of our report. We were encouraged to inquire in what way, if any, our report could be made useful to provincial Ministers in their discretion.

009 The sixth term of reference charges us to consider "the possibility of developing a code of good practice with respect to redundancies and lay-offs." At the outset it was our understanding that legislation, as such, was not contemplated when the terms of reference were prepared. Although the terms do not constrain the Commission in its recommendations in this respect, we have constantly considered the extent to which a code would be useful and how it might be made effective through mechanisms and non-legal sanctions as an alternative to possible legislative solutions. In any event, any implementation of a code of good practice would follow the completion of our assignment and would therefore be out of our hands.

C. How the Commission went about its Business

010 At the meeting of the Commission on 3rd March, 1978, it was determined that we must solicit briefs of opinions on the substantive issues with which our terms of reference were concerned.

011 As an aid to the parties in the preparation of their briefs, the Executive Director prepared a memorandum to the Chairman providing an analytical outline of options as they then appeared; the memorandum was sent to the parties for such use as they might consider appropriate.

012 The Commission also determined that we must meet with the parties of interest across Canada. We also determined that an initial visit should be sought with the appropriate provincial minister, together with such provincial staff as the Minister might select.

013 The lists of principal parties of interest falling within the federal jurisdiction were determined from the records of Labour Canada. We worked through and with the assistance of the Canadian Labour Congress to the appropriate unions within the Congress and referred to Labour Canada records to identify labour organizations not affiliated with the Congress.

014 Our terms of reference required us - and had they not, the performance of our assignment to consider adjustment options and make recommendations on them would have done so - to determine present policies and practices in Canada. We decided also to determine what we could of policies and practices in the United States and Western Europe, including the United Kingdom, for whatever advantage might be gained from such information. That led to the establishment of a program of research. We confined Commission visits outside the country to Washington, D.C.

015 The Commission determined that its meetings with individual parties of interest would be most productive, in the time available to the Commission, if the discussions were not public in the ordinary sense of the term. We determined at the same time that if a party wished to make a public presentation, the party should be at liberty to do so. The Commission decided also that it would not undertake to publish briefs, but that a party be free to make such use of its own brief as it wished.

016 The Commission also decided not to have a fixed format for the interviews but to maintain a flexibility designed to maximize the benefit of the meetings to the Commission.

017 The Executive Director provided the Commission with digests of each brief, together with analytical comments and suggestions for directions of discussions in the light of the contents of the brief and our terms of reference. What the Commission set out to obtain from each party was its perception of the redundancy problem, including any direct experience; its views on basic principles of adjustment in the context of redundancy; its views on general rights and responsibilities of the parties in that context; its views on present policies and programs; examination of options; and comments on any other programs or experiences which the party thought the Commission should consider.

018 The meetings were not dull; and they did much to inform the contents of this report.

Attached to this report are the following appendices:

- | | |
|-------------|--|
| Appendix 1 | A list of principal researchers and assistants to John Drew, Executive Director; |
| Appendix 2 | A list of principal researchers reporting to C.R. Scott, Director of Research |
| Appendix 3 | Ministers contacted by the Commission; |
| Appendix 4 | Government departments contacted by the Commission; |
| Appendix 5 | Employer groups contacted by the Commission (corporations and associations); |
| Appendix 6 | Labour organizations requested to advise their affiliates of the Commission's work; |
| Appendix 7 | Independent labour organizations contacted by the Commission; |
| Appendix 8 | Parties who submitted briefs and/or other materials; |
| Appendix 9 | Meetings of the Commission with persons independent of parties of interest; |
| Appendix 10 | Schedule of Commission meetings with government representatives and parties of interest; |
| Appendix 11 | Schedule of meetings in Washington, D.C. |
| Appendix 12 | Manpower Adjustment Techniques. |

CHAPTER II
CONTEXT AND PERSPECTIVE

019 The Commission addresses itself in this Report to the permanent cessation of employment caused by redundancy.

020 In considering the context in which redundancies and lay-offs occur, the Commission focusses on the processes of change at the level of the employing unit. At the same time, to give perspective to that context, the Commission has attempted to consider the associated problems of manpower dislocation in the context and perspective of the world in which they take place.

A. The Economic Dimension

021 The framework of the economic dimension within which redundancies and lay-offs occur consists of four principal members: the total output of production (Gross National Product), the rate of growth and level of employment, prices, and the balance of payments arising from international trade. These measures of macro-economic well-being, and the fiscal and monetary policy tools used to achieve their goals, are simple to describe but their application as a cohesive and comprehensive policy is more difficult.

022 Canada's immediate economic prospects appear lucklustre. With few exceptions, annual new business investment has been weak since the late 1960s, and particularly so since 1976. While some improvement in capital spendings (especially for equipment) is likely in 1979, the weakness will remain. A result of this prolonged condition is that industry has not shown the productivity gains that improvements in the quality of manufacturing plants and equipment would have nourished. Relative to the manufacturing workforce in other industrial nations, Canada appears to have a productivity lag, while manufacturers continue to face rising long-term costs.

023 Internationally, global recovery conditions are weak and will be exacerbated by energy price hikes. In the United States, the probability of a recession in 1979 is growing. Ordinarily this would indicate that Canada's export prospects are unlikely to provide much stimulus to Canada's growth; but the fact that the devaluation of the Canadian dollar has so far had an effect more in terms of currency exchange profits than in significant increase in exports suggests that adjustment to the devaluation is still to come. Export adjustments

historically have lagged behind current adjustments because of the long-term nature of many export contracts; export adjustment gains thus are still to be expected despite offsetting economic conditions in the U.S. In short, improvements in productivity and exports in manufacturing can be expected to show strength in 1979 - 81.

024 In the medium and longer term, Canada's prospects are clouded by problems associated with energy costs, capital spending prospects, international trade (discussed below in Part C), and labour force growth (discussed in Chapter III).

025 Early in 1978 the Minister of Finance issued a paper entitled "Canada's Economy - Medium-Term Projections and Targets," which was intended to provide a framework within which the problems of and opportunities for different sectors and regions in the economy could be analysed and discussed. In November of that year the Minister issued a Review of Canada's medium-term economic prospects preliminary to a meeting of First Ministers.

026 Data available in November indicated that the rate of growth of average wages and salaries (labour income per employed person) had slowed down sharply in 1978, and final

revisions would likely show their growth to be something less than the earlier projection of 7.5 per cent. The rate of increase of all consumer prices accelerated in 1978 while incomes fell, as did the growth of real consumption expenditures, with negative consequences for rates of growth in employment. The Review projects a reduction in the rate of inflation in 1979 to about 6.5 per cent, a performance considered optimistic in some quarters.

027 In spite of a lower rate of growth of the economy (output) in 1978 (4-4.5 per cent) than projected (5.5 per cent), the Report is confident that over the period to 1981 the projected average annual rate of growth will be realized. Growth in employment remains a strong component of the economic framework; but labour force growth in 1978 kept pace; thus, unemployment rates remain high. Chapter III examines medium-term prospects for the labour market generally and for the projected growth rate of the labour force in particular. Along with actual employment growth, labour supply will have a strong influence on the development of manpower adjustment policies at the enterprise level and on prospects for re-employment as an adjustment measure.

028 Growth in consumer and government expenditures, and in capital investment, are not currently providing significant

stimuli to economic recovery and growth in employment. Projections for the medium term are, nevertheless, optimistic. The lag in domestic investment is being offset by the strong performance of net exports which, as indicated above, are expected to continue to show improvement as longer term export contracts adjust to the devalued Canadian dollar.

029 Whether manpower adjustment problems originating with industrial change (technological, organizational, material, market or structural) can be alleviated by a more generally buoyant employment market will depend on general economic performance and on the size and characteristics of the labour force. The prospects for the labour market are examined in Chapter III.

B. The Institutional Dimension

030 The Institutional dimension in which the problem of redundancy and lay-offs must be resolved can be visualized as a stage play representing the world of work, where a variety of actors have greater and lesser roles and all are constantly influenced by the economic and social pressures created in the world surrounding the stage. The framework of laws, regulations and traditions to which they must adhere

is the script the actors are following and is the institutional framework within which they must act.

031 The parties involved in the "play" include organized and unorganized employees, employers, and governments of disparate jurisdictions. The role of government is the most complex in that in each jurisdiction government must at the same time be architect, engineer and maintainer of the system, peacemaker within that system, representative of those who have no other representative, and employer in its own right.

032 Each party has a variety of different internal motivations which play upon it, such as survival, security, growth, peer respect and self-respect. These different factors apply in different ways at different times, but can be ranked in a hierarchy. Security is a motivation as long as survival is guaranteed. If survival is in question, no other motivation will have any priority, or even application, until the basic need for survival is satisfied. Any party will not worry about respect of others if it believes that its survival, security and prospects for growth are in danger; and each party will interpret its role in the way that seems best to it at the time.

033 Various external forces play upon the legislative and regulatory framework: economic pressures created by international trade, social pressures for individual rights and freedoms, concerns of the parties for freedom to carry out their responsibilities with a minimum of restraint, and concern of the public that too much freedom on the part of adversarial parties will lead to confrontation and public inconvenience.

034 The problem is made even more complex by the constitutional division of powers in matters of labour affairs in Canada which creates eleven different jurisdictions regulating the play, each with its own perception of the right formula and each dividing its jurisdiction in a variety of different ways, given regional economic differences and different political viewpoints.

035 In trying to respond to the pressures for change in the framework, all governments must consider the diversity of interests which motivate the various parties.

036 Employers must have profits to survive. It is argued that employers must also have a social conscience, if not as a self-determined priority, at least as an externally imposed requirement, recognizing the impact of their decisions on the public and on the employees on whom they rely for keeping

businesses and governments functioning. These forces often conflict. And those who provide work also seek continued availability of competent workers.

037 The basic economic and social demands from those who work are for adequate wages, opportunities for improvement, and advancement and continued job availability. When security is thus available, individuals will seek self-respect, the respect of others in their peer group, and a chance to participate in decisions which affect them. Social demands in labour affairs arise from increased awareness of existing social values and from new perceptions of social need. One of the concerns of many is to translate the values of our democratic society into the more autocratic world of employers and employees. Increased demand for more job satisfaction, protection against health hazards and concern for environmental damage caused by industrial activity are examples of new perceptions of social need.

038 Trade unions, as representatives of their members, seek to broaden their representation and gain public recognition of their right to exist while engaging in economic battle with employers. At the same time, as political organizations, they must represent the will of the majority of their electors while seeking a balance with legitimate minority claims.

039 These pursuits place pressure on governments to provide direct financial assistance to individuals in the workplace and to provide indirect assistance in the form of regulatory action designed to ensure a safe working environment and satisfying working conditions. At the same time, a broader concern for the common good, acknowledging imbalances in the Canadian economy, gives rise to demands for aid to disadvantaged or developing industries and redress of regional disparities through government programs of tax relief, subsidy and equalization grants. All these demands for government intervention in labour affairs intensify the difficulty of governments, already under pressure to satisfy demands for a range of other social services, in determining how and where to allocate scarce economic resources.

040 At the heart of the difficulty of meeting social demands in labour affairs are decisions that must be taken on economic trade-offs and a harsh reality. These trade-offs take place on a minimum of two levels, that of the immediate self-interest of the parties in a particular situation, and that of a broader concern, whether of industry-wide, regional or national interest. The economic and/or social demands of employees will probably conflict with employers' economic demands. The competition arising from these

conflicting claims may jeopardize the accomplishment of the goals of any or all parties. For example, unions striking for higher wages and benefits cut into individual companies' profit margins and their ability to sustain employment; companies that cast workers in the traditional role of an item of production increase their militancy. The economic cost of meeting higher safety standards or increased minimum wages may be seen as feasible in one company or locale, but as a threat to existing employment or prospective employment in areas that need new industry, thereby affecting that local economy's ability to provide jobs. Taken on a broader scale, actions responding to conflicting demands may reduce productivity in key industries.

041 At present, governments determine the framework in which employers and unions wage legitimate economic warfare - the collective bargaining process. Governments set minimum standards for the economic, social and physical well-being of employees and enforce those standards. They provide basic information to assist the parties, certain advisory, counselling and assistance programs to employed persons and relatively more massive assistance in obtaining employment, training and re-training and assisting in the process of change. If workers

are temporarily out of work, a universal unemployment assistance program comes into play.

042 Many argue that government intervention in the world of work is already excessive and should be restrained. At the same time government receives many requests for economic aid, regulatory measures to protect the disadvantaged and better enforcement of existing legislation. One of the conundrums of modern government is how to balance the pressures.

043 What does the future hold for the institutional framework?

044 In essence, one must attempt to determine the course of relationships among the major players - big business, big labour, big government - before attempting to forecast changes in the legislative and regulatory framework, the structure and process of collective bargaining and the content of collective bargaining.

045 In examining the course of power relationships several general factors must be considered: the degree of government intervention in the market place, the political orientation of that government and the shifting position of organized labour vis-à-vis political activism. In Canada, it is also necessary to consider the constitutional division of power and the relative fragmentation of business and labour.

046 Several scenarios are now emerging for the future of industrial relations, which are pertinent to redundancies and lay-offs:

- (a) the approach suggested in the report to First Ministers by the "second tier"¹⁾ - essentially that government should leave labour and business alone to work out a bargain and then, presumably, should adopt any agreement through legislation or programs as may be appropriate;
- (b) a conscious decision by government to do no more than it has already done, relying on the system to correct itself with minor adjustments here and there; and
- (c) government intervention of a significant nature to assist the unemployed, including adjustment assistance, aid to industries, job creation programs and decontrol to "free" enterprise.

C. The International Dimension

047 The international dimension of the problem of redundancies and lay-offs includes the effects of changes in the terms and patterns of international trade and changes in foreign investment.

048 Given the extraordinary role of international trade in Canada's economic activities, it is clear that Canada will continue to remain an "open" economy for the foreseeable future and that international trade will continue to shape our industrial structure.

049 The benchmark Kennedy Round of tariff negotiations was completed in 1967, but the negotiations left unresolved the grave issue of "non-tariff" barriers which, even then, were being applied with increasing ingenuity. The international economic power structure has changed since 1967 with the emergence of Japan as a major industrial nation and with the increasing competitiveness of a number of developing countries, especially in certain labour intensive products. Developing countries have grown more insistent that the world trading framework should be adjusted to facilitate their aspirations toward full industrialization.

050 The 98 countries who participate in GATT embarked on renewed efforts in 1973 to maintain the postwar momentum toward more liberal world trade. Special attention was directed toward non-tariff barriers and trading relations with developing countries. Discussions have been long and

difficult. Since 1973, the events surrounding the oil embargo and subsequent price escalations have affected most trading countries. General world economic conditions have been characterized by persistent inflation, high unemployment, low investment, slow growth and business uncertainty. Nevertheless, the leading industrial countries have persisted in their resistance to pressures for protectionism.

051 As a major trading nation, Canada must participate in international trade negotiations. Greater industrialization of the developing world seems inevitable. This trend will pose a serious challenge to the industrial structure of the developed world, including Canada, but it will also create many opportunities. In any case, Canada would find it difficult and costly to insulate itself from developing third world competition by hiding behind tariff and non-tariff barriers.

052 Canada's objective is improved and assured access to foreign markets. The present world economic climate is not conducive to new free trade initiatives, and developments in the short term will likely be restricted to the multinational trade negotiations element (MTN) of the Tokyo Round.

053 Events are not likely to happen in a sudden or disruptive fashion. It is envisaged that tariff reductions would be phased in over an eight year period beginning probably in 1980. Even this schedule is heavily qualified.

054 Apart from opportunities for expanded exports, and so employment, resulting from the Tokyo Round, the degree of domestic industrial adjustment that will result will depend on the current degree of competitiveness abroad relative to imports. For less efficient producers, apart from the actual extent of tariff reduction, the scheduling of tariff reductions, changes in input costs, and so on, the need for some sort of adjustment is apparent even without the trade negotiations.

055 In addition to present tariff negotiations, which are aiming for a goal of a weighted average reduction of 40 per cent of existing customs duties, the industrial countries have accepted a system of "general preferences" intended to assist developing countries to export their products. Although the results of this policy have not yet been significant, the principle that developing countries should benefit at the expense of exporters in other industrial countries is well established.

056 Canada's objective in current tariff negotiations is to gain greater access to foreign markets for a variety of semi-

processed and processed raw materials produced here under natural advantage and thereby to increase domestic employment and the export of manufactured goods. In the meantime, Canada continues to apply high tariff and non-tariff barriers to protect domestic industries that are under pressure from low cost imports.

057 Developing countries are pressing to increase industrialization and raise export volumes. Some of the more rapidly developing countries are already upsetting traditional trading patterns wherein exports consisted of light industrial products, food, textiles, shoes, sporting goods and toys. The Economic Council of Canada report "For a Common Future" points out that many developing countries possess a comparative advantage in the production of goods that are labour-intensive and based on standard technology. It states that the industrialization of many developing countries is occurring rapidly and notes that in 1975 these countries announced their goal of accounting for at least 25 per cent of world manufacturing output by the year 2000, compared with their present 8 per cent.²⁾

058 The policy of accepting and facilitating the inevitability of industrialization in low wage countries while creating domestic employment growth potential will create adjustment

problems for Canadian industry. The Economic Council of Canada report suggests that a concerted effort should be made to develop a comprehensive adaption strategy.

059 In the specific sectors identified by the ECC report (leather goods, textiles, knitting mills and clothing, etc.) as vulnerable to import competition from the developing countries, there were about 250,000 workers in 1971. Although the Council does not believe that these vulnerable industries would totally succumb, it is unable to identify which elements in the sectors might survive. In addition, employment in supplier industries would be affected.

060 Industrial displacement will inevitably be most marked in import-competing domestic sectors of the Canadian economy. Competition will manifest itself in lower rates of return on capital, making it likely that capital required to adjust to the new competitive situation will not likely be forthcoming from private markets. Less marked, and largely unanalysed to date, is the probability that some exporting industries will face much stronger competition in their export markets. How pronounced such an effect will be, and to what degree it may be offset by export gains in other industries, is unknown.

061 It is generally agreed that a national industrial adaptation policy should be developed as part of a more general

industrial strategy: because of the interdependence of industries and sectors, an overall direction for the economy should be developed before specific problems are approached. Such a strategy might involve goals for employment, regional development, industrial structure and other basic elements of the national economic framework. A national industrial strategy heretofore has been a will-o'-the-wisp.

062 The difficulty in achieving an overall industrial strategy is of particular concern to the manufacturing sector; basic decisions are required concerning the size and type of manufacturing activities which Canada anticipates. Industry, labour and the two levels of government are now discussing remedial industrial policies, and adjustment assistance programs are being developed to facilitate adaptation to structural change. An example of direct adjustment assistance is the allocation of \$235 million in federal-provincial cost-shared incentive grants recently designated for modernization and supply enhancement in the forest products industry. This type of incentive was recommended by the joint industry, labour and government task force for the industry, one of 22 such sectoral task forces which recently completed studies and recommendations.³⁾

063 Trade liberalization policies are based on concepts of international equity and long-run gross benefits for particular countries. However, short-run costs for individuals directly affected, and for the economy as a whole, restrain movement toward such policies.

064 At the level of the firm, adjustment assistance programs must have the clear goal of enhancing the competitiveness of the firm in a viable line of activity at least cost to its workers and to the community. At the level of the worker, income compensation is a necessary response to adjustment; it is a sufficient response to the cost placed upon the individual only when the compensation is tied to activities that enhance employment. At the level of the community, the goal of adjustment assistance is the development of a diversified industrial base which will preserve and enhance the community's investment in social and economic infrastructures.

065 Adjustment assistance to any one of the three principal elements, the firm, the worker and the community, must take into account the overall consequences of such assistance. It must be integrated not only with the delivery of assistance to one element, but with assistance available to the others.

066 The goal of trade adjustment assistance in circumstances where workers lose their jobs as a result of government decision is either a) to compensate workers for the loss of their jobs or b) to provide income replacement payments as well as special retraining opportunities, in the pursuit of satisfying and productive employment; it does not include efforts to maintain employment in uneconomic enterprises or industries.

067 In addition to considerations of international trade is the problem of price competitiveness. If the early 1950s are used as a benchmark for measuring Canada's international competitiveness in manufacturing, Canada has undergone a marked long-term erosion of its position, unrelated to cyclical influences, currency adjustment fluctuations, transient changes in terms of trade, and even global changes in the way in which trade has expanded.⁴⁾

068 Our competitive problem, in short, does not lie on the demand side but on the supply side. Unit costs of manufacturing output in Canada have risen faster than elsewhere. All inputs - plant, equipment, raw materials and labour - have shown a pronounced price rise over the long term.

069 The result has been a decline in cost-competitiveness in international markets. Canada's manufacturers have,

willingly or not, absorbed a good deal of these costs, with the result that declines in price competitiveness of their goods internationally are small relative to cost increases. Nevertheless, expansion of markets has suffered and, for some industries, rearguard action to protect present markets has higher priority than attempts to expand.

070 Over the medium term, in the light of the Tokyo Round of Multinational Trade Negotiations, the cost and productivity problems which have emerged from uncertain capital investment are likely to worsen. While it is much too early to ascertain how well Canadian manufacturers will be able to adjust to a new international price regime, the danger is that cost conditions may inhibit flexible adjustment. It is vital not only that capital investment be stimulated, but also that the productivity gains from such investment not be lost in a maze of greater per unit output costs.

071 In sum, a growing problem in Canada's future is the need to reverse the long term trend in cost-competitiveness and its effects on real capital investment.

072 Federal and provincial governments, in co-operation with industry and labour, have begun the difficult task of developing trade adjustment assistance programs for Canadian industry in anticipation of a decade or more of

structural change in response to more liberal international trade; at the same time, individual worker adjustment must be realized at the level of the employing unit.

073 The Commission has endeavoured to examine the general problem of redundancies and lay-offs, not only in the light of normal industrial developments, but also in the expectation that the decade of the Eighties will witness the development of a new domestic and international structure requiring new approaches to manpower adjustment.

D. The Social Dimension

074 In examining the social dimension of the environment in which redundancies and lay-offs occur, one must distinguish between their impact and the conditions in which they occur. With respect to the latter, it is necessary to assess the values of the society and its perceptions of the relative rights and obligations of those involved in the problem of lay-offs. The "actors" are usually identified as employers, employees, employee representatives and the various levels of government.

075 Different levels of government have different responsibilities. The federal government administers a comprehensive national labour market policy. Provincial governments administer hospitalization, the educational system and programs

relating to property and civil rights as they impinge on the world of work. The local level of government administers welfare programs for those who are unable to work, for whom work cannot be found and for those who have exhausted their unemployment benefits.

076 Most jurisdictions, whether inside or outside Canada, do not define "lay-off" or "redundancy." In Canada, the term "lay-off" is defined only in the labour standards legislation of Nova Scotia and Saskatchewan. Nevertheless, a review of the provisions of those statutes and the legislation of other countries indicate that the phenomenon is the same wherever it occurs: the temporary or permanent loss of employment by action of the employer and through no fault of the worker.

1. Values

077 The assessment of the effects of lay-offs, as of other social and economic phenomena, is first of all a question of values. The arguments of a recent study by the Department of Industry, Trade and Commerce⁵⁾, which seeks to calculate a utilitarian balance of pains and pleasures, are essentially a restatement of Schumpeter's description of the process of

"creative destruction," the evolutionary struggle in which all advance at the expense of the few⁶⁾:

... the contents of the labourer's budget, say from 1760 to 1949, did not simply grow on unchanging lines but they underwent a process of qualitative change. Similarly the history of the productive apparatus of a typical farm, from the beginnings of the rationalization of corporation plowing and fattening to the mechanized thing of today--linking up with elevators and railroads--is a history of revolutions. So is the history of the productive apparatus of the iron and steel industry from the charcoal furnace to our own type of furnace, or the history of the apparatus of power production from the overshot waterwheel to the modern power plant, or the history of transportation from the mailcoach to the airplane. The opening up of new markets, foreign or domestic, and the organizational development from the craft shop and factory to such concerns as U.S. Steel illustrate the same process of industrial mutation ... that incessantly revolutionizes the economic structure from within incessantly destroying the old one, incessantly creating a new one. This process of Creative Destruction is the essential fact about capitalism.

078 In contrast to the dynamic picture drawn by Schumpeter, most sociological treatments of the effects of lay-offs adopt a static picture that shares with Durkheim the concept of the central role of work in industrial society⁷⁾:

... The ideal of human fraternity can be realized only in proportion to the progress of the division of labour ... (It) creates among men an entire system of rights and duties which link them together in a durable way. Just as social similarities give rise to a law and a morality which protect them, so the division of labour gives rise to rules which assure pacific and regular concourse of divided functions.

079 This basic conflict of values remains even when the
respective outlooks and assumptions are "operationalize."
Fryer⁸⁾ argues that there are three perceptions of lay-offs:
(1) that of management, which, like that of Schumpeter,
emphasizes the benefit of change; (2) that of the worker,
for whom lay-offs mean hardship, insecurity, and loss of
organizational and group contacts; and (3) the societal or
governmental viewpoint, which argues the economic advantages
of change and the need for labour mobility. Perhaps
inevitably, given the respective starting points, studies of
lay-offs reflect one or another of these views.

080 If Durkheim's view holds, perhaps people at work are a
proxy for mankind as a whole. Does the obvious difference
between the liberal democratic ideal of society held by most
North Americans and the semi-autocratic, benevolent dictator-
ship of the world of work explain tensions in the workplace
and many other labour relations difficulties?

081 A basic conflict exists between the employee's concern
for job security and the employer's "right to manage," that
is, the need to keep labour costs variable in order to ensure
prompt response to economic change.

082 It might be expected, in the resolution of this conflict, that the collective bargaining process, because of its great flexibility and respect for economic realities, would be the most appropriate instrument to establish an optimal equilibrium between the employee's need for job security and the perceived rigidity and cost of this protection to the employer.

083 The insistence given this demand by unions depends on its position in their order of priorities. The response by the employer depends on its perceived cost, a function in turn of company size and diversification, and of the cyclical or non-cyclical nature of its operations.

084 If the collective bargaining process has been so little used in this respect, other than to establish seniority provisions for lay-off and rehire, we must conclude that it has not yet reached a sufficient level of priority for unions in Canada, although there are indications that this situation may be changing.

085 In its resolution of this conflict the Western world is divided between Europe and America. The basic distinction (although

herein overdrawn) is that in North America, rights to a job are negotiated in collective agreements and as such are bargained rights, whereas in Western Europe the worker's right to a job is (after a number of years) in theory non-negotiable, akin to a property right.

2. The Impact of Collective Bargaining on Lay-offs

086 Seyfarth et al. suggest that in the collective bargaining environment of North America reductions in the workforce are made simply, routinely, usually with very little notice and, until recently, almost without cost to the firm.⁹⁾
087 Despite this opinion, a study of arbitration principles dealing with lay-offs indicates that a collective agreement that sets out detailed provisions can provide significant protection.¹⁰⁾ A Canada Department of Labour study states that¹¹⁾:

The rarity of collective dismissals clauses in Canadian agreements is not easy to understand. There is much private debate about "change" and job security, yet very few private provisions are made for the circumstance. It may be that as in the United States, most Canadian employers strive to retain this aspect of their management prerogative, and that unions have not had the strength or the determination to insist on consultation and advance notice of collective dismissals. If this were so, unions may well have traded off these job security demands for others less distasteful to employers. A quite different reason may be that most unions simply do not foresee the likelihood of collective dismissals... .

088 The fact that not many collective agreements contain other than rudimentary protective devices is difficult to square with the cost of lay-offs to unions. If lay-offs are anything other than temporary, unions can lose substantial sources of income, status as protective organizations, and bargaining rights if decertified because of a resultant lack of majority support; and even the existence of the local can be at stake. Lay-offs create a defensive posture on the part of employees and intense pressure on the union to create protective mechanisms. The most likely explanations for the lack of negotiated provisions seem to be as follows:

(a) lay-offs have not been perceived as a major problem on the part of the unions; (b) government intervention in the form of programs such as unemployment insurance, manpower services and retraining have been deemed adequate protection; and (c) employers have bargained fiercely to maintain their "right to manage" and have bargained away economic concessions to maintain that freedom.

089 In Europe the view is more commonly held that legal protection of workers against lay-offs is a necessary component of national policy, even at the cost of efficiency. European

opinion might be a result of a view that job insecurity has a direct correlation with social unrest and that such unrest increases geometrically with a lack of meaningful employment. In a constantly growing economy such as that which North America has enjoyed in the last 40 years, this view of history is usually ignored. Much injustice can be tolerated if an individual believes that, economically at least, things are always going to get better.

090 Literature expressing management's viewpoint of lay-offs is sparse. Despite a general propounding of a need for "corporate social responsibility," the objectives of profit and growth are priorities, which are usually pursued in ways calculated not to provoke public interference with management's "right to manage." There is nevertheless strong division over the best way to accomplish such non-intervention. Some writers suggest that greater corporate attention in decision-making to the concerns of society is best. Others argue that the pursuit of economic efficiency is the sole "social" policy society should demand from a firm. In its consideration of corporate social responsibility, the Royal Commission on Corporate Concentration concluded simply that "there is no longer any serious question about whether business corporations

should take into account the social implications of their decisions. Clearly the public will insist that they do." But the degree of that insistence will depend on public expectations, and in the case of lay-offs these have nowhere been clearly defined.

3. The Impact of Lay-offs on the Individual

091 Sociological studies of the displaced worker show that lay-offs can be devastating to the individual affected and, if the person is the primary breadwinner, to the immediate circle of family and friends. The long term economic impact is uneven and depends on age, sex, education and the availability of alternative employment. The greatest impact is on the long term employee, middle aged or beyond, who is the primary breadwinner, whose education or technical training is outdated and who lacks mobility because of commitments undertaken in becoming part of an established community. Beyond the economic impact is the psychological. Lay-offs can take away self respect: the individual may feel worthless, especially if his skills are not readily marketable. Virtually any action becomes acceptable in order to regain a place in society. Studies in the United States show a direct correlation between unemployment and a rise in social

stress. It would be interesting to calculate the purely economic cost to society of the kinds of stress shown by the following indicators:

Cumulative Impact of a Rise in Unemployment
Upon Social Stress
Indicators

<u>Social Stress Indicator</u>	<u>Stress Incidence 1975</u>	<u>Change in Stress Indicator for a 1.4 Per Cent Rise in Unemployment</u>	<u>Increase in Stress Incidence Due to the Rise in Unemployment</u>
Suicide	26,960	5.7 Per Cent	1,540
State Mental Hospital Admission	117,480	4.7 Per Cent	5,520
State Prison Admission	136,875	5.6 Per Cent	7,660
Homicide	21,730	8.0 Per Cent	1,740
Cirrhosis of the Liver Mortality	32,080	2.7 Per Cent	870
Cardiovascular- Renal Disease Mortality	979,180	2.7 Per Cent	26,440
Total Mortality	1,910,000	2.7 Per Cent	51,570

Source: U.S. Joint Economic Committee; Estimating the Social Costs of National Economic Policy: Implications for Mental and Physical Health, and Criminal Aggression (Author: Dr. Harvey Brenner), 1976, p. VII.

4. Attitudes

092 The Commission has identified the following perspectives on lay-offs:

(a) The unemployed individual

093 For the individual, recent changes in society have removed many of the buffers which previously cushioned lay-off. Society appears to have moved from being socially supportive to being chiefly economically supportive. Gone, for example, for a large majority, is the concern of the small, rural community, and the ethnic cohesion and support of such communities, and the marital and kinship supports of an earlier age. In their stead lies impersonal economic assistance.

094 The Commission has found a tendency to look at the personal and social costs of unemployment in the narrow terms of the immediate loss of income and consumption to individuals and society during a bout of unemployment. Two competent and recent Canadian studies, for example, reflect this focus: the Labour Force Tracking Survey (ITC) and Trade Adjustment Assistance: The Costs of Adjustment and Policy Proposals (Econalysis Inc., June 1978, for ITC). Both studies, in a medium-term time horizon, look at the costs of adjustment for displaced workers solely in terms of the difference in the

present value of two after-tax streams - what workers would receive if their jobs continued and what they would expect to receive if laid-off. Employment income (in the old and newly found job), unemployment insurance benefits, and the monetary values attached to leisure when unemployed, are compared to gauge the differences in after-tax income receivable and to attach figures to the income loss. Yet they ignore certain economic costs: those associated with looking for another job; and those associated with the sale of homes and mortgage forfeiture, especially if, in a small community, lay-offs have affected the market value of homes in the area (this latter is a cost even if no move occurs and no sale or forfeiture occurs). Most importantly, they ignore the dollar costs associated with the mental and somatic response, depression and illness borne by the unemployed worker encumbered by the stress that all psychological studies of the unemployed reveal follows upon unemployment.

(b) The community

095 There are 811 single industry communities in Canada wherein 30 per cent or more of employment is directly or indirectly related to the production of a large firm or group

in a particular industry.¹²⁾ How many communities there are with at least 10 per cent of their labour force employed directly or indirectly by one industry or a large firm is a question not properly studied in Canada, but the costs of plant shut-downs or relocations and mass temporary or permanent lay-offs to such communities can be described.

096 What unemployment puts at risk for such communities is their survival. The singular or limited nature of their economic base for community income and employment magnifies the effect of unemployment which might otherwise be seen as only a minute disruption in the economic activity of the nation. One cannot begin to estimate the total costs to the community.

097 Many older workers remain in communities affected by lay-offs. This is particularly true in plant closings as distinct from smaller lay-offs, although, in declining industries which seldom do new hiring, even smaller lay-offs often comprise older workers. These older workers remain because their age and specialized employment experience operate against them in finding new jobs, even at lower pay. The depression and somatic stress of these workers places a call upon the community's health resources at a time when those

very resources are in jeopardy because of the eroded tax base of the community. They place a call on limited welfare services, draining the financial resources even more. Older unemployed workers have a limited ability to pay taxes. They have a limited ability to be retrained and they are not generally mobile - studies have shown that older workers take longer to acquire a set of new skills - but even with such retraining their limited work life prejudices their hiring.

(c) Society in general

098 So many public costs have remained hidden and unstudied that one hesitates to discuss costs at a societal level for fear of missing many of them. To what extent, for example, is new investment in housing, in health, and in municipal services not really new but rather a cost of adjustment to unemployment, a replacement cost for social capital that did not so much deteriorate as waste? How much of the rising cost of guaranteed income supplements for the elderly is a cost attributable to the loss of employment and pensions due to lay-offs and shut-downs? How much of the costs of urban and rural renewal emerge from deterioration resulting from unemployment which reduced the market value of homes in a particular

locale to the extent that upkeep and improvement become unreasonable?

099 The attitude of society in general is, as might be expected, ambivalent with respect to the roles of the principal participants in industrial change and redundancies. On the one hand society recognizes the vital necessity of industrial evolution as it takes place in the form of a variety of "changes" throughout the economy. On the other hand society is uneasy about the current distribution of the costs of such changes. It was a major preoccupation of the Commission to examine whether such costs might not be not only more equitably shared, but decreased as well.

100 Overall, as has been briefly described, redundancies and lay-offs occur as a result of the interactions of a multitude of influences on managers, individual employees, their labour organizations if they exist in particular cases, and on communities and at least three levels of government. It is in this context that the Commission has attempted to gain the perspective necessary for the digestion of the many observations made, and views and opinions received, to the end that fair and effective recommendations might more readily be developed.

CHAPTER II - FOOTNOTES

- 1) A Report by the Second Tier Committee on Policies to Improve Canadian Competitiveness, October 1978, being a report on 23 industry (sectoral) consultative task forces to the provincial and federal governments.
- 2) Economic Council of Canada "For a Common Future" (Ottawa: Supply and Services Canada, 1978).
- 3) See footnote No. 1) above.
- 4) An in-depth discussion of such influences is available in E.A. Carmichael, Canada's Manufacturing Sector: Performance in the 1970s, Ottawa, The Conference Board, 1978.
- 5) Labour Force Tracking Project (Preliminary), Economic Analysis Branch, Department of Industry, Trade and Commerce, Ottawa, June 1978.
- 6) Joseph A. Schumpeter, Capitalism, Socialism and Democracy, Harper & Brothers, New York & London, 1942, p.83.
- 7) Emile Durkheim, Division of Labour, George Simpson, trans., The Free Press, MacMillan, 1933, New York, p. 406.
- 8) Robert H. Fryer, "Redundancy, Values and Public Policy," Industrial Relations Journal, summer 1973, pp. 2-19. See also Alex Inkeles, "Industrial Man: The Relation of Status to Experience, Perception and Value", American Journal of Sociology, LXVI, No. 1, July 1960, pp. 1-31.
- 9) Seyfarth, Shaw, Fairweather and Geraldson, Labor Relations and the Law in West Germany and the U.S. University of Michigan, 1968.
- 10) James Joseph Brady, The Evolution of Arbitration Principles Dealing with Layoffs Related to Production Efficiency, Ann Arbor, Michigan University Microfilms, 1970; Canada Committee on Manpower Problems in the Unloading of Grain Vessels, Port of Montreal, Report, Ottawa, Department of Manpower * Immigration, 1968, 242 p., Maxwell Cohen, Chairman.

- 11) Peter McCarthy, A Survey of individual job termination, collective dismissals and severance pay provisions in Canada and other selected industrialized countries, Industrial Relations Research Div., Economics and Research Branch, Canada Department of Labour, July 1972.
- 12) Department of Regional Economic Expansion, "Single Industry Communities," Table 2, p.14 (1971 data).

CHAPTER III
THE LABOUR MARKET

A. Introduction

101 The analysis of the economic context contained in the previous chapter indicates some recent patterns and some of the difficulties that Canada will have in maintaining adequate economic growth. This chapter concentrates on the other factor of the equation, notably, important changes that have taken and will take place in the labour force.

102 The implications of the previous analysis of economic growth are not without ambiguity. Most projections of growth are based on weaker growth in the labour supply and the population. It cannot therefore be concluded that a weaker growth will lead to an increase in unemployment. The same reasoning can produce an obverse conclusion: a lesser increase in the labour force will result in less economic growth. 1)

103 Nevertheless, future changes in the composition of the working age population and in the labour force will have a profound effect on general levels of unemployment and on structural unemployment resulting from industrial change. They will therefore have a profound effect on the nature and kinds of redundancies and lay-offs that will occur and the kinds of redundancy adjustment issues that will need to be dealt with.

104 There is a growing understanding of the changing behaviour patterns of individuals and the complexity of labour market behaviour and, in turn, of the reasons for and the periodic nature of unemployment as individuals move into and out of employment and into and out of the labour force.

105 This chapter indicates the main characteristics and developments that have occurred in the labour market in the past decade and indicates the implications of each in terms of redundancies and lay-offs; following this it deals with the implications of some of the recent changes in turnover and other aspects of labour market behaviour that come under the heading of "labour market dynamics;" it then deals briefly with the adjustment implications of future development in terms of mobility, and occupational and educational imbalance; finally it deals with some broader circumstances and effects of these changes.

B. Recent Developments in Employment, the Labour Force and Unemployment

106 Recent trends in the labour market show an increase in jobs, coupled with an increase of entrants into the labour force. In Canada, labour force entrants, because of high fertility rates in the early 1950s, have exceeded increases in job creation, substantial though the latter has been. The challenge presented by these two

contending trends has been greater in Canada than in other industrialized countries. The following text highlights trends in the labour market as a context for the statistical evidence of lay-offs and redundancies which follows. Statistics for most of the labour market components are given in Tables 1 to 3.

107 The Canadian labour market has experienced healthy employment growth in recent years, although there was a slowdown in 1975 to 1977. These gains have been shared unequally among age-sex groups, industries and occupations. The employment of young people and mature women has expanded remarkably. Employment of males increased by 22.9 per cent between 1966 to 1977, of women by 50.6 per cent and of young people by 43.3 per cent.

108 Manufacturing, the second largest employer of labour, has lost ground - from 24 per cent of total employment in 1971 to 22.5 per cent in 1974. Service industries expanded to reach 37.4 per cent.²⁾ One corollary of the expansion of the service industries is the gain in part-time employment. Part-time employment accounted for about 12.5 per cent of total employment in 1973 compared with less than 4 per cent in 1966.

109 There has been a decline in employment in the primary industries - agriculture, forestry, fishing, trapping and mining. Employment in agriculture dropped by a third over the decade 1961 - 1971. Mining and much of the forestry industry have experienced progressive modernization and

higher productivity. In the process many unskilled workers have been displaced.

110 These shifts have been reflected in changes in occupational distribution. Half the jobs are now held by office and professional workers; another quarter are held by craftsmen and workers in manufacturing. By contrast the proportion of jobs in primary industries and transportation and unskilled employment has continued to decrease over the last decade.

111 There has also been a relative upward shift in the proportion of unemployment among professional workers, sales persons and new labour market entrants and a relative decline among labourers and tradesmen in primary and construction activities.

112 Employment growth has not been distributed evenly among regions. For example, between 1966 and 1977 employment in British Columbia and Alberta rose by 55.7 per cent and 53.7 per cent respectively, whereas the increase in Ontario was 38.2 per cent and in Quebec 23.5 per cent.

113 These patterns of employment have interacted with the supply of labour to produce today's pattern of unemployment. In terms of supply, there has been a rise in the proportion of younger people in the working age population resulting from the postwar baby boom, an increase in the level of involvement of women in the labour force, and a continuing net flow of immigrants which, as shown in Table 1, has declined since 1974.

114 Immigration has influenced the growth and character of the labour supply in Canada, accounting for roughly one-third of the increase in the workforce throughout the postwar era. The recent drop and the likelihood of limited immigration in the 80s will have implications in terms of the kinds of occupational and other adjustments that will be required in the labour market.

115 The rise in participation rates of women is notable. As Table 3 shows, the rate climbed from 35.4 per cent in 1966 to 45.9 per cent in 1977, whereas the rate for males declined moderately from 79.8 per cent to 77.7 per cent. Overall the change has been from 57.3 per cent to 61.5 per cent. Over the past two decades approximately one third of the increase in women's participation has resulted from the large number of young women reaching working age; and the balance from greater participation of working age women.

116 The reasons for this growth are complex, but they are generally attributed to a decline in heavy physical jobs and a rise in clerical and service jobs, rising costs, which have encouraged employers to develop part-time work, and social and cultural developments that have altered women's perception of their role in society. The participation rate of married women has increased about twice as fast as that of all women. At the same time, the rates of unemployment of women has in each of the years since 1969 exceeded that of males and if anything the gap appears to be widening.

117 The increase in the number of young workers is largely a consequence of the increased birth rate of the 1940s and early 50s, although the rate of growth of those over 25 years began to exceed that of the youth group in the mid-1970s.

118 Despite the recent change, about 37 per cent of Canada's labour force consists of people 24 years or younger.

Moreover, as Table 3 shows, the rate of unemployment of this group continues to be high. For example, in 1977 the rate of unemployment of this 15-24 year age group was over 14 per cent compared with the national average of 8.1 per cent. Of the total number unemployed, 48 per cent were in the youth group. While the "youth unemployment problem" may diminish over time, it is clear that it is still with us.

119 In its major study of the labour market the Economic Council of Canada commented that what is particularly noteworthy about youth is that their patterns of behaviour and their attitudes toward work tend to be different from those of older members of the population. It is hypothesized that for people who have no children or children who may be able to depend on their parents for financial support, there is less concern about continuity of earnings. Thus they can more readily leave jobs they do not enjoy or take work they know will not last long. This more relaxed attitude toward security of work may lead some to accept unemployment more readily than those with families to support.

120 In this same study, the Economic Council of Canada summarized the main elements of today's labour market in the following terms: 3)

The relative unemployment rates of women and young people - the new unemployed - are higher now than in the mid 1960s and this represents a bona fide change in labour market experience. The labour market has also been altered by legislative and institutional changes - most notably, the availability of enriched manpower programs and extensions to the unemployment insurance machinery. These changes have undoubtedly helped to reduce the insecurity and financial burden of periodic unemployment but, when combined with the much greater prominence of married women in the workforce, they may have had other ramifications in terms of how long workers stay at jobs they do not enjoy or how earnestly they look for work once unemployed. Underlying these major developments are the changes in attitudes, which in turn are closely related with the factors influencing job turnover, multiple job-holding, part-time work and other phenomena observable in the job market in recent years.

Table 1

Main Components of the Labour Market

1966-1977

Years	Population 15 years and over	Labour force			Employment		
		Total	Male	Female	Total	Male	Female
(Thousands of persons)							
1966	13,084	7,494	5,148	2,347	7,242	4,975	2,267
1967	13,444	7,747	5,261	2,486	7,451	5,058	2,392
1968	13,804	7,951	5,354	2,597	7,593	5,110	2,483
1969	14,162	8,194	5,466	2,729	7,832	5,230	2,602
1970	14,528	8,396	5,571	2,824	7,919	5,260	2,660
1971	14,878	8,643	5,670	2,972	8,107	5,332	2,775
1972	15,227	8,918	5,814	3,104	8,363	5,476	2,887
1973	15,608	9,321	6,008	3,313	8,802	5,711	3,091
1974	16,039	9,704	6,216	3,489	9,185	5,919	3,266
1975	16,470	10,060	6,363	3,697	9,363	5,966	3,397
1976	16,878	10,308	6,449	3,859	9,572	6,038	3,534
1977	17,250	10,616	6,549	4,022	9,754	6,113	3,642

Years	Unemployment rate			Participation rate			Unem- ployment	Total immi- gration	Immigrants destined to the labour force
	Total	Male	Female	Total	Male	Female			
	(Per cent)						(Thousands of persons)		
1966	3.4	3.4	3.4	57.3	79.8	35.4	252	195	99
1967	3.8	3.9	3.7	57.6	79.3	36.5	296	223	120
1968	4.5	4.6	4.4	57.6	78.6	37.1	358	184	95
1969	4.4	4.3	4.7	57.9	78.3	38.0	362	162	84
1970	5.7	5.6	5.8	57.8	77.8	38.3	476	148	78
1971	6.2	6.0	6.6	58.1	77.3	39.4	536	218	106
1972	6.2	5.8	7.0	58.6	77.5	40.2	555	122	59
1973	5.6	4.9	6.7	59.7	78.2	41.8	519	184	92
1974	5.3	4.8	6.4	60.5	78.7	42.9	519	218	106
1975	6.9	6.2	8.1	61.1	78.4	44.2	697	188	81
1976	7.1	6.4	8.4	61.1	77.7	45.0	736	149	61
1977	8.1	7.3	9.5	61.5	77.7	45.9	862	n.a.	n.a.

Table 2

Changes in the Main Components of the Labour Market

1967 - 1977

Years	Population 15 years and over	Labour force			Employment		
		Total	Male	Female	Total	Male	Female
(Per cent change from previous period)							
1967	2.8	3.4	2.2	5.9	2.9	1.7	5.5
1968	2.7	2.6	1.8	4.5	1.9	1.0	3.8
1969	2.6	3.1	2.1	5.1	3.1	2.3	4.8
1970	2.6	2.5	1.9	3.5	1.1	0.6	2.2
1971	2.4	2.9	1.8	5.2	2.4	1.4	4.3
1972	2.3	3.2	2.5	4.4	3.2	2.7	4.0
1973	2.5	4.5	3.3	6.7	5.2	4.3	7.1
1974	2.8	4.1	3.5	5.3	4.4	3.6	5.7
1975	2.7	3.6	2.3	6.0	1.9	0.8	4.0
1976	2.4	2.5	1.4	4.4	2.2	1.2	4.0
1977	2.2	3.0	1.6	4.2	1.9	1.2	3.1

Table 3

Participation and Unemployment Rates by Sex and Age Groups

1966 - 1977

Years	Participation rates				Unemployment rates			
	15-24		25+		15-24		25+	
	Male	Female	Male	Female	Male	Female	Male	Female
(Percentage)								
1966	64.1	48.4	84.9	31.2	6.2	4.8	2.6	2.7
1967	64.2	49.1	84.5	32.3	7.2	5.5	3.0	2.8
1968	63.3	49.8	84.0	32.8	8.7	6.5	3.5	3.3
1969	62.7	50.2	83.8	33.8	8.4	6.5	3.2	3.7
1970	62.5	49.5	83.3	34.5	11.3	8.6	4.1	4.5
1971	62.7	50.8	82.7	35.4	12.1	9.8	4.3	5.0
1972	64.3	51.8	82.4	36.1	12.0	9.6	4.1	5.7
1973	66.7	54.2	82.4	37.5	10.1	9.2	3.4	5.4
1974	69.0	56.0	82.2	38.3	9.6	9.0	3.3	5.1
1975	69.0	56.9	81.9	39.8	12.6	11.5	4.3	6.5
1976	68.2	56.9	81.2	40.9	13.3	12.1	4.2	6.7
1977	69.1	57.5	80.9	41.9	14.9	13.9	4.9	7.4

C. Recent Developments in Lay-offs and Redundancies

121 Complex economic shifts and changing labour market patterns have undoubtedly had a profound effect on the size, nature and incidence of lay-offs over the past decade. As economic conditions deteriorate the number of lay-offs will increase. Some industries are more prone to such cyclical effects than others. Industries in which seasonal elements are high, and others which are characterized by many small establishments, tend to have higher lay-off rates regardless of economic conditions.

122 While there is some evidence of these patterns, the past and future scale of lay-off problems cannot be determined by using readily available data. Some progress has been made as a result of new studies by Statistics Canada of flows into and out of employment.⁴⁾ These figures have been available only since the labour force survey revision in 1975. Moreover, a special study for the Commission has brought together data from other sources which provide current indirect evidence of changes that have occurred over time.⁵⁾

123 The Statistics Canada analysis approaches the question from the standpoint of flows into unemployment. It describes the labour market experience of unemployed persons prior to their becoming unemployed. The classification divides the unemployed into four groups: job losers, job leavers, labour force re-entrants and new entrants to the labour force. Table 4 shows such estimates for the years 1975-1977.

124 Based upon this four-tiered classification, 54.9 per cent of unemployed workers in 1977 were job losers and 37.8 per cent were job leavers. The first statistic would rise if to it were added labour market re-entrants who have withdrawn from the labour market after a previous lay-off.

125 The number and percentage of job losers have risen steadily in the three years in which the data have been available, a period during which employment growth weakened and general unemployment levels rose substantially. This rapid growth in the number of job losers applied to nearly all industries, occupations and provinces. Rising unemployment in this period would appear to be largely a function of weak demand.

126 Tables 5 and 6 show the industrial and occupational composition of the job losers. Job loss is a more important component of total unemployment in manufacturing than in service industries. Excluding new entrants, in 1977 some 65 per cent, or close to 2/3, of the unemployment in manufacturing was the result of job loss, versus 44 per cent in the service sector. Ranked by industry group from high to low, 74 per cent of unemployment in construction was due to job loss; 67.5 per cent in other primary industries; and 58.8 per cent in manufacturing. It was of least importance in finance, insurance and real estate (34.0 per cent).

127 Ranked by occupational group, job loss accounted for just under 2/3 of unemployment among blue collar workers; and 40.3 per cent in white collar and service trades. It was

most important in construction (74.4 per cent), transportation (64.7 per cent) and manufacturing (63.1 per cent), while it assumed least importance in managerial and professional occupations (39.4 per cent).

128 Relatively fewer young persons (15 - 19) were job losers or leavers. Since over 80 per cent of new and unemployed labour force entrants were under 20 years of age, this is hardly surprising. The problem for such youth is not being laid off but rather finding an initial job.

129 All these figures are based upon flows into unemployment as found in monthly labour force survey estimates. They indicate a worsening lay-off picture through 1977. Similar findings are to be found in "Analyse statistique des données relatives aux licenciements et mises à pied," a background study for this report examines the variety of statistics available in Canada to estimate the importance of lay-offs. The major problem with the measures of flows into unemployment is the inability adequately to identify those laid off who then leave the labour force, or those who immediately find other jobs, leading to an understatement of lay-off.

130 The effects of lay-offs on individuals depend on the existence of alternative sources of employment and the state of the economy generally. Thus, the solution depends on better control over fluctuations in economic activity.

The Economic Council of Canada has suggested that one means would be to stabilize construction expenditures over the medium and long-run. It has estimated that the annual fluctuations in construction would be reduced by one-third through appropriate monetary policies, co-ordination of major projects and stabilization of government subsidies to construction.⁶⁾

Table 4

Unemployment by Reason, Canada, 1975-1977

<u>Number of Unemployed</u> (000's)	<u>1975</u>	<u>1976</u>	<u>1977</u>
Job Losers ¹	317	381	473
Job Leavers ²	325	303	326
Re-entrants ³	14	12	15
New Entrants ⁴	41	40	48
Total	697	736	862
 <u>Unemployed as Per Cent</u> <u>of Labour Force</u> (%)			
Job Losers ¹	3.2	3.7	4.5
Job Leavers ²	3.2	3.0	3.1
Re-entrants ³	0.1	0.1	0.1
New Entrants ⁴	0.4	0.4	0.5
Total	6.9	7.1	8.1
 <u>Per Cent Distribution</u> <u>of Unemployed</u> (%)			
Job Losers ¹	45.5	51.8	54.9
Job Leavers ²	46.6	41.2	37.8
Re-entrants ³	2.0	1.6	1.7
New Entrants ⁴	5.9	5.4	5.6
Total	100.0	100.0	100.0

1. Lost job or laid off.
2. Left last job for one of following reasons: illness, personal responsibilities, school, retired, or for other reasons (including quit for no specific reason, changed residence, dissatisfied with job, or other unspecified reasons).
3. Had not worked in last 5 years.
4. Never worked before.

Source: Calculated from data in The Labour Force, Statistics Canada Cat. No. 71-001.

Table 5

Unemployed Persons by Flows into Unemployment by Industry of Last Job(1), Annual Average, 1976

Industry	Total unemployment		Job losers		Job leavers		Re-entrants one year or less		Re-entrants more than one year	
	'000	%	'000	%	'000	%	'000	%	'000	%
Total	684	100.0	332	48.5	180	26.3	120	17.5	50	7.3
Goods producing - Industries de biens	17	100.0	9	52.9	4	23.5	4	23.5	-	-
Agriculture	26	100.0	16	61.5	6	23.1	-	-	-	-
Other primary - Autres branches du secteur primaire	153	100.0	85	55.6	38	24.8	20	13.1	10	6.5
Manufacturing - Industries manufacturières	89	100.0	63	70.8	16	18.0	9	10.1	-	-
Construction										
Service producing - Industries de services:										
Transportation, communication and other utilities - Transport communication et autres services publics	48	100.0	26	54.2	13	27.1	7	14.6	-	-
Trade - Commerce	111	100.0	45	40.5	32	28.8	24	21.6	10	9.0
Finance, insurance, and real estate										
Finances, assurances et affaires immobilières	19	100.0	6	31.6	7	36.8	4	21.1	-	-
Community business and personal services - Services socio-culturels, commerciaux et personnels	183	100.0	67	36.6	55	30.1	42	23.0	19	10.4
Public administration - Administration publique	37	100.0	17	45.9	10	27.0	7	18.9	-	-

(1) The total unemployed excludes 40,000 new entrants who had no previous job attachment and persons who last worked more than five years ago.

Source: Statistics Canada, Research Paper Nov. 17, "Flows into Unemployment", Bruce MacDonald, May, 1978.

Table 6

Unemployed Persons by Flows into Unemployment by Occupation of Last Job(1), Annual Average, 1976

Occupation	Total unemployed		Job losers		Job leavers		Re-entrants one year or less		Re-entrants more than one year	
	'000	%	'000	%	'000	%	'000	%	'000	%
Total	684	100.0	332	48.5	180	26.3	120	17.5	50	7.3
White collar - Cols blancs:										
Managerial and professional -										
Directions et professions										
libérales	81	100.0	28	34.6	28	34.6	17	21.0	8	9.9
Clerical - travail administratif ..	113	100.0	40	35.4	34	30.1	26	23.0	12	10.6
Sales - Commerce	54	100.0	20	37.0	16	29.6	12	22.2	5	9.3
Service - Services	108	100.0	43	39.8	30	27.8	25	23.1	10	9.3
Blue collar - Cols bleus:										
Primary occupations - Professions du										
secteur primaire	45	100.0	27	60.0	10	22.2	7	15.6	-	-
processing - Traitement des matières										
premières	126	100.0	72	57.1	30	23.8	16	12.7	8	6.3
Construction	90	100.0	64	71.1	15	16.7	8	8.9	-	-
Transportation	30	100.0	19	63.3	8	26.7	-	-	-	-
Materials handling and other crafts -										
Manutentions & autres métiers	36	100.0	20	55.6	8	22.2	6	16.7	-	-

(1) The total unemployed excludes 40,000 new entrants who had no previous job attachment and persons who worked more than five years ago.

Source: Statistics Canada Research Paper Nov. 17, "Flows into Unemployment", Bruce MacDonald, May, 1978.

D. Future Changes in the Labour Market

131 The foregoing has highlighted some of the main labour market developments of the past decade. In the long term future the reduction in the rate of growth of the Canadian population is expected both to reduce the rate of economic growth and to reduce the pressure of a rapidly increasing labour force on the labour market. The medium-term future is less certain, an assertion that is supported by significant differences of opinion among economic authorities and the frequency with which forecasts are revised as events occur which cast doubt on earlier assumptions.

132 The most important element is that of future changes in the size of the labour force. Before dealing with the questions of general imbalances and of more specific types of imbalances and adjustment mechanisms, it would seem worthwhile to review some recent medium-term projections of labour force growth and the assumptions that underlie them.

133 Labour force growth depends upon the size of the working age population (age 15 and above), and the proportion who decide to enter the labour market (i.e. the participation rate). The working age population is in turn affected by birth rates and net immigration (immigration less emigration). Participation rates are affected by a variety of economic and social factors and are exceedingly difficult to predict.

134 The following paragraphs provide some exploratory projections taken from a staff study published by Statistics Canada in mid-1968 ⁸⁾ and a more recent study carried out for the Commission ⁹⁾. Since the new assumption of lower immigration has the effect of reducing the projected labour supply and the assumption of a higher participation rate that of increasing it, the overall results are not greatly different.

135 One of the projections from the Statistics Canada study assumes a continuation of recent trends in participation rates. The male rate, which had dropped slightly (from 78.7 per cent in 1974 to 77.7 per cent in 1977) remains current to 1980, and slowly rises thereafter to 78.4 per cent in 1986. The female rate, which has grown from 37.1 per cent in 1968 to 49.9 per cent in 1977 is assumed to increase by 7.4 per cent in the next nine years, reaching 53.3 per cent by 1986.

136 The result of this projection is a labour force of 11,511,000 by 1980 and 13,000,000 by 1986. For unemployment to remain at 8 per cent until 1980 and to decline to 6 per cent by 1986, the annual rate of job creation would have to be 285,000 to 1980, and 270,000 to 1986. Employment growth in recent years puts the figures in context. The yearly growth over the period 1970-1977 has been about 240,000; however, during the 1975-1977 period, the number was only 190,000 per year.

137 In the study carried out for the Commission, provision was made for a number of new elements:

1. For the favoured projections, net immigration was assumed to be 60,000 rather than 100,000.
2. Explicit provision was given to the two main factors influencing future participation rates, notably the proportion of the population active some time in the labour force (incidence) and the length of their stay in the labour force (duration). (The study shows that in the 1970s more women have been entering the labour market but their participation rate has not reflected this entirely because on average they have not stayed active as long as they used to. Much the reverse appears to have occurred for men, and for youth of both sexes.)
3. Consideration was given to recent changes in the patterns of internal migration in Canada.
4. The possibility of changes in the proportion of those excluded from the labour force, e.g., native population on reservations and the military, was allowed for.

TABLE 7

PROJECTED PARTICIPATION RATES AND
LABOUR FORCE TOTALS, BASED ON LOW
AND HIGH PARTICIPATION RATES, ¹
CANADA, 1981 and 1986.

	Low Participation Rate Projection				High Participation Rate Projection			
	1981		1986		1981		1986	
	Part. Rate	Labour Force	Part. Rate	Labour Force	Part Rate	Labour Force	Part. Rate	Labour Force
All Males	77.7	7,037	78.2	7,513	78.0	7,071	78.7	7,567
15 - 19	55.3	629	59.1	549	58.3	663	64.9	603
20 - 24	84.9	1,032	84.7	991	84.9	1,032	84.7	991
25 - 34	94.5	1,988	93.6	2,245	94.5	1,988	93.6	2,245
35 - 44	95.8	1,383	99.6	1,690	95.8	1,383	95.6	1,690
45 and over	63.5	2,005	60.9	2,038	63.5	2,005	60.9	2,038
All Females	48.2	4,499	50.2	4,983	49.6	4,627	54.5	5,406
15 - 19	49.7	546	54.2	483	49.6	546	54.2	483
20 - 24	71.3	828	74.6	850	49.7	828	74.6	850
25 - 34	60.1	1,246	63.3	1,454	62.8	1,302	72.5	1,665
35 - 44	58.2	831	60.7	1,045	63.2	903	73.0	1,257
45 and over	29.3	1,048	29.7	1,151	29.3	1,048	29.7	1,151
TOTAL	<u>62.7</u>	<u>11,536</u>	<u>64.0</u>	<u>12,496</u>	<u>63.6</u>	<u>11,698</u>	<u>66.5</u>	<u>12,973</u>

1. Based upon 60,000 net immigration on a 1971 base.

138 Two projections were made of labour force growth to 1986 based on lower and higher participation rates, of which the higher is considered to be the more plausible. The two projections reflect different assumptions as to the size, age structure and sources of the labour force. The results are shown in Table 7.

139 Given the 60,000 net immigration assumption, the labour force growth between 1976 and 1981 will be about 13.5 per cent under the high projection, a slowdown from the 19.3 per cent between 1971 and 1976. Between 1981 and 1986, this will decelerate further to about 10.9 per cent. The labour force projected for 1986 is about 13 million, the same as the Statistics Canada figure. The slowdown is greater under the lower set of participation rate assumptions (to 11.9 per cent between 1976 and 1981 and falling to 8.3 per cent afterwards).

140 The following assumptions underlie the lower set of projections:

1. Competition from older, experienced workers (especially women) curtails the rate of entry of 15-19-year old males into the labour force, despite the strong growth of the service sector. Duration of attachment among those who enter is not significantly altered. The result is a slower rise in the participation rate.

2. For 20-24-year olds, the same assumption is made as for the high projection.

3. Female participation rate patterns decelerate sharply after 1981, as incidence falls and duration of attachment stabilizes. This fall in incidence, while highly unlikely, reflects the possibility that an improving labour market may remove the household's need for other earners aside from traditional ones. Against this, however, must be weighed low fertility rates, the entry of children into full-time school attendance, higher educational attainment of women, and increasing marital breakdown - only a few of the factors which argue for a continued rise in incidence.

141 The higher participation rate projection assumes the following demographic labour force characteristics in the future:

1. Youth, and especially males (15-19) will proportionately increase their numbers in the labour force in response to demand in the low wage service sector, while not significantly altering their patterns of attachment (i.e., time in the labour market). As a result, 15-19 year olds will continue to increase their participation sharply over the medium-term to 1986.

2. Males 20-24 years old are expected to resume a previous longer term participation rate decline - interrupted by large scale youth-directed job creation programs in the earlier 1970s - as the fall in incidence offsets future increases in attachment. This altered pattern should be evident by 1981.

3. Female participation rates are expected to continue to rise dramatically to 1981 - as incidence continues to rise - but to show a deceleration in rates of growth thereafter, related to slackened incidence patterns in the 25-44-year population.

142 The difference between the two projections, then, lies largely with the behaviour of participation rates of mature women in future. If these are high, as is suggested, the slowdown in growth of the Canadian labour force will not be a matter for concern before the late 1980s.

143 What do such projections, which are higher than those contained in most official projections, imply, in terms of unemployment in 1981 and thereafter? This will obviously depend upon the rate of growth in production and employment to 1981 and beyond, and there is little agreement about the future.

144 In Canada's Economy, the Department of Finance described a medium-term growth path which would move the economy closer to potential levels of output by 1981. Along this recovery path, real gross national expenditures were envisaged to grow at an annual rate of 5.5 per cent over the period 1978-1981. This growth was expected to lead to a fall in the unemployment rate to about 6 per cent by 1981. In the later review,¹⁰⁾ it was recognized that the period of recovery might be a year or two longer than envisaged. The prospects continue to be for high unemployment rates over the next few years.

145 In its Fourteenth Annual Review,¹¹⁾ the Economic Council of Canada was less sanguine about medium-term prospects for unemployment

the outlook for the next five years, as we perceive it, is for relatively modest growth, persistent inflation, high unemployment, and very large current account deficits. Our examination of alternative fiscal and monetary policy options ... suggest that it may not be possible to improve the performance of the economy on all these fronts simultaneously. To achieve reasonably sustainable economic growth will require a balancing of objectives. The room for manoeuvre by the federal and most provincial governments is limited by financing constraints, and policymakers will continue to be faced with restricted options in selecting a policy mix that, hopefully, will propel the economy along a more desirable growth path.

146 In the Fifteenth Annual Review, it noted that events over the past year and the prospects for the future, if anything, confirm this perspective¹²⁾.

147 An important implication of the above is that if 1977 patterns of unemployment prevail, the unemployed who are job losers will continue to average 400,000 to 500,000 at any given time through to the mid 1980s. During the course of a year the number of job losers who become unemployed will, of course, have a far higher probability of averaging between 1.2 and 2.5 millions.

E. Labour Turnover, Labour Market Flows, and Unemployment

148 The previous analysis indicates the extent to which lay-offs and redundancies may have contributed to unemployment both over time and in terms of different industries and occupations. Because of limitations on available data, it was not possible to make a full assessment of labour market experience of those who were laid off, other than through case studies such as those carried through the tracking study of Industry, Trade and Commerce (see Chapter 2).

149 Ideally, one would like to know what happens to those laid off. For example, how many become unemployed, find other jobs or leave the labour force entirely? How many enter training or educational institutions, or move to other areas of the country to find employment? What is the experience of those who are laid off compared with those who leave employment voluntarily? From a welfare standpoint, some important questions relate to family status and family income of such individuals and whether there are other breadwinners.

150 One conclusion of the previous analysis is that about one-half of the unemployed consist of job losers as distinct from those who left their jobs voluntarily or who were new entrants into the labour force. Since the preponderance of the unemployed in times of high unemployment are job losers as distinct from job leavers and therefore take on more of

the characteristics of the unemployed as a whole, it becomes increasingly important to consider in what way the unemployment rate itself is an adequate measure of the overall labour market situation which job losers are forced to face. Inevitably, the official unemployment rate has been used, in this study as others, as a proxy for cyclical change, labour market tightness and economic hardship.¹³⁾

151 One reason for viewing the official unemployment rate with some suspicion is that the aggregate figures do not portray the dynamics of the labour market - the absolute number of people who flow in and out of the labour market, gain or lose jobs and become unemployed. It has been estimated that there are over five million job separations in Canada annually and an even greater number of job hirings. This enormous amount of turnovers occur in the job market, and the official unemployment rate does not pick up these important job elements.¹⁴⁾

152 A related consideration is that while in the past the unemployment rate was an adequate measure of hardship and labour market tightness, it no longer reflects the current scene. Most economists, without discounting the seriousness of current unemployment problems, have noted that the national unemployment rate no longer reflects the complex forces that mark today's labour market. They further note

that the unemployment rate, which includes large numbers of family members whose participation in the labour force is intermittent, does not portray the same economically, politically and socially trying conditions as in the past.

153 Doubts have been expressed as to whether the unemployment rate means what it used to mean in view of the changing composition of the unemployed, the rise in the number of young people and the provision of more generous unemployment insurance benefits. A spell of unemployment obviously has more serious consequences to a single-earner family head than it would to a supplementary earner looking for part-time work. At the same time, there are people at very low wages who suffer hardship even though employed.

154 The official unemployment rate does not include so-called discouraged workers. These are individuals who want to work but have not looked because they believe there are no jobs. Statistics Canada produces each month an estimate of the number of people who looked for work in the past six months but who did not look in the Revised Labour Force Survey reference week because they thought no work was available. For January, 1979 (latest month), this estimate is 74,000 persons.

155 To resolve some of these problems, a variety of measures of unemployment have been developed in Canada to show the duration of employment, reasons for job loss

and other factors. The United States Bureau of Labor Statistics now produces seven measures. These range from U-1, which counts as unemployed only those who have been unemployed 15 weeks or longer, through U-5, the official unemployment rate, to U-7, which adds certain part-time job seekers and discouraged workers. For comparison purposes, the effect of using the seven different measures on Canadian unemployment is shown in the following table.

Table 8

Measures of Unemployment

	<u>1964</u>	<u>1967</u>	<u>1974</u>	<u>1975</u> <u>LFS</u> *	<u>1975</u> <u>RLFS</u> **	<u>1976</u>	<u>1977</u>
U-1 Persons Unemployed 14 weeks or more as % of Labour Force	1.4	1.0	1.8	2.4	1.9	2.4	2.8
U-2 Job Losers as % of Labour Force	N/A	N/A	N/A	N/A	3.2	3.3	4.5
U-3 Unemployed Household Heads as % of Household Head Labour Force	N/A	3.2	3.9	N/A	5.1	4.7	4.6
U-4 Full-time job-seekers as % of Full-time Labour Force (including employed part-time for economic reasons)	N/A	N/A	N/A	N/A	5.7	6.1	7.2
U-5 Total unemployed as % of total labour force	4.7	4.1	5.4	7.1	6.9	7.1	8.1
U-6 Full-time job-seekers plus $\frac{1}{2}$ of part-time plus $\frac{1}{2}$ working part- time for economic reasons as % of labour force minus $\frac{1}{2}$ part-time labour force	N/A	N/A	N/A	N/A	6.4	6.9	8.1
U-7 U-6 plus discouraged workers added to both unemployed and labour force	N/A	N/A	N/A	N/A	N/A	7.2	8.6

* Labour Force Survey

** Revised Labour Force Survey

Source: Based on Data from Statistics Canada. The data for 1976 and 1977 were also produced in the Fifteenth Annual Review, Economic Council of Canada, A Time for Reason, 1968, p.88. The U-1 to U-7 system was developed by Julius Shiskin, "Employment and Unemployment: The Doughnut or the Hole", Monthly Labour Review, February, 1976.

156 The above measures all have a much closer bearing on labour market tightness and cyclical change than they do on financial hardship or unemployment faced by job losers. In broadened terms they suggest the increasing difficulty of securing or obtaining alternate employment under current and prospective conditions.

157 The Economic Council of Canada has recently examined the question whether financial hardship and unemployment have changed in recent years ¹⁵⁾. These are complex questions, and the measurement of financial hardship is always difficult and arbitrary. The results of this research show that the proportion of Canadian families and unattached individuals experiencing at least some unemployment during the year was higher in 1975 than in 1971, though fewer were faced with financial hardship. In 1975, for example, only about one in thirty - or 3.4 per cent - experienced both unemployment and financial hardship, whereas the comparable figure in 1971 was 5.7 per cent. The conclusion is that "in addition to unemployment insurance, a foremost defence against the financial hardship caused by unemployment is the complementary earnings of other family members" ¹⁶⁾.

158 While the Commission has not felt bound by its terms of reference to reach conclusions on this section of the report, it believes that this broad but cursory examination of the many complex cross-currents shaping the

contemporary labour market and the changing experience and motivation of those who compose it is essential to an understanding of the significance of unemployment as a backdrop to its recommendations.

F. Mobility

159 In the normal course of a country's economic activity and employment growth, geographical mismatches between the demand and supply of manpower can be expected to occur, requiring internal migration of workers to jobs as an adjustment mechanism. In a country the size of Canada, the extent of these mismatches has posed a particular problem and has required traditionally high levels of geographical mobility to minimize it.

160 The table below, while disguising year-to-year changes, shows the five-year shift between provinces which has emerged in the 1970s. These represent interprovincial moves only, and therefore only a fraction of total moves.

Table 9
Five-Year Net Interprovincial Migration

	1966-71	1971-76
Newfoundland	- 19,344	- 1,857
Prince Edward Island	- 2,763	3,754
Nova Scotia	- 16,396	11,308
New Brunswick	- 19,598	16,800
Quebec	-122,735	- 77,609
Ontario	150,712	- 38,560
Manitoba	- 40,690	- 26,827
Saskatchewan	- 81,398	- 40,752
Alberta	32,006	58,570
British Columbia	114,965	92,285
Yukon and Northwest Territories	5,241	2,889

Source: Discussion Paper, First Ministers' Conference on the Economy, November 27-29, 1978. Labour Market Policies, Canada Employment and Immigration Commission.

161 Who are these movers? In general, persons in their earliest years as prime-aged members of the labour force tend to have the highest tendency to move between municipalities. While 25-34-year-olds formed less than 20 per cent of the Canadian working-age population in 1971, they formed fully 37 per cent of the migrants in 1971-1976. At the other extreme, the least mobile workers were the very young (under 20 years) and the relatively old (over 45 years).

162 Available evidence suggests that individuals migrate primarily for reasons that are job-oriented. The central factor in the contemplated move generally concerns whether the potential destination will bring a job with better pay, fringe benefits or promotion prospects or, for the unemployed, whether it will bring a job at all. Set against these expected monetary benefits will be corresponding financial costs, such as the expense of relocating a household, moving away from the family home to set up another dwelling, or having to sell property at a loss.

163 In addition to these financial benefits and costs, however, are psychological or social costs which, although not quantifiable in monetary terms, may be equally important in the decision to move. Such costs may include the difficulty of moving away from family or friends, the anticipated insecurity of unfamiliar surroundings, or

uncertainties of a change of life style in a new location. Conversely, a move may be seen as offering an improved social life, better educational opportunities for children, or reduced discrimination.

164 Nevertheless, the importance of economic factors for the decision to move has two separate dimensions. In the first place, unemployed persons have higher rates of interprovincial mobility than do employed persons ¹⁷⁾.

In other words, the need to move to find a job may be more compelling than the desire to move to change jobs.

Secondly, the extent of migration among either the employed or the unemployed tends to fall as prospective job opportunities fall (i.e. as the unemployment rate rises).

165 Despite the high figures on movers, economic and employment changes that have occurred since 1966 more probably lessened the need for mobility to fill labour shortages. In the first place, high rates of labour force growth in the entire country, primarily through a growing youth labour force and increasing female participation, have tended to reduce the need for internal mobility as a labour market adjustment, in view of the overall reduction in labour shortages to which this labour force growth has contributed. Secondly, high levels of immigration have, in the past, contributed both to overall labour force growth and to the relief of particular shortages in the professions and high-level blue-collar skills.

166 However, sufficiently important and far-reaching changes are expected to occur in the 1980s that internal migration may emerge as a far more critical labour market adjustment mechanism than it has been before. Specifically, emerging trade patterns may lead to a considerable redeployment of resources, labour and otherwise. Considerable mobility of labour, occupationally, geographically and industrially, will likely be essential to this process. Moreover, with future reductions in the level of immigration, this channel for contribution to overall labour force growth and the relief of particular shortages in the professions and blue-collar skills can no longer be counted on.

167 These changes have important implications for government programs to facilitate mobility. While there are government programs designed to improve mobility, such as the Canada Manpower Mobility Program of the CE & IC, these tend to be of small importance in relation to the many other government policies that influence mobility. Large inflows of federal funds into the high unemployment regions of Canada have already altered the perceptions of a significant number of potential migrants to contribute to lower out-migration from and higher in-migration to these regions 18).

168 Among the institutional obstacles to interprovincial mobility are those resulting from a lack of uniform standards of professional licensing bodies or skill

certifications, the incompatibility of provincial school systems, and government regulations of various types ¹⁹⁾. Among other problems that are of considerable importance is the frequent lack of portability of private pension plans which tends to penalize individuals who wish to move. ²⁰⁾

169 While governments can facilitate the mobility process through providing better information, reducing unnecessary hindrances to mobility and providing some support to those who cannot move without assistance, it is clear that reliance will be on individuals to seek out job opportunities as they arise. Most such adjustments have taken place without assistance in the past, and will continue in the future.

G. Occupational and Educational Imbalances

170 While strong growth in demand is essential to absorb the large numbers who will continue to enter the labour force in the early 1980s, there is evidence that, even with reasonable growth, numerous structural problems will continue to exist and to inhibit the adjustment process. Among the most important are future educational and occupational imbalances between labour supply and labour demand.

171 In the future, although labour force growth will slow down, overall educational levels in the labour force will continue to rise as better educated youth replace older less educated workers. By 1980, for example, almost half

the Canadian labour force will have completed high school, in contrast to slightly more than a third in 1971. This trend will decelerate in the 1980s, as the more highly educated youth component declines in relative importance. Nonetheless, we shall continue to have a highly educated labour force - one of the highest in the Western World - in the 1980s.

172 Older workers will be the most disadvantaged by such developments. In terms of regional impact, the Atlantic provinces and Quebec will continue to contain a disproportionate number of such workers (in the early 1970s, labour force special surveys showed that 56 per cent of those labour force members with grade 8 or less lived in these two regions). For these areas, the problems of attracting "growth" industries - usually high skill and capital intensive - will remain over the medium term, and may be aggravated by a continuation in the decline of agricultural and less skilled primary employment.

173 Some occupations calling for high education - managers, natural scientists, social scientists, health science professions - as well as clerical occupations will continue to show pronounced growth. Nevertheless, the educational composition of the labour force suggests no shortage of supply in the near term for such groups. In fact, an excess supply is likely to prevail, in general, until the early 1980s. In the slightly longer term, there could be some improvement as the number of college leavers is

projected to start falling in the early 1980s, with the number of university leavers soon to follow ²¹⁾. Nevertheless, annual numbers will remain high for some years.

174 Shortages are likely to continue to prevail in high skill (as compared to high education) occupational groups. In these areas Canada has consistently failed to provide both the educational focus and the training necessary to meet its labour force requirements. The failure does not appear to be a federal one, but rather a provincial one, since the provinces provide the training purchased - in more or less inflexible agreements - by the federal government. With rare exceptions, apprenticeship training statistics suggest that most provinces to not meet replacement needs in the highly skilled sector, much less requirements for growth. A reliance upon temporary foreign workers and upon immigration seems to have offset the need to upgrade the skill, in contrast to the general education, of our youth, with the result that they, and the tremendous human capital investment they embody, have been virtually excluded from important sectors of the labour market.

175 Service occupations, aside from those already indicated, should continue to show strong expansion in the medium-term future. The demand for services depends mainly on production and income levels, which should continue

to increase, although at a slower rate than in the past. Nevertheless, it seems unlikely there will be a shortage of supply except at the lowest levels, e.g., domestics, where pay, job security, and working conditions are frequently well below average. In the case of public or para-public services, the situation is less clear, since growth may be limited by the decreasing rate of population growth with a consequent diminution in demand for services, and by governments' restricted expenditure policies. The development of automated word processing equipment and computers will have a significant impact on most office occupations.

176 Manufacturing and construction trades will not grow as fast as other sectors in the medium term. It is ironic, therefore, that the bulk of higher level skill shortages - except in remote locations - will be found in these two areas. Construction activity, associated with energy developments, will continue to stimulate demand for certain trades.

177 The above trends, while conjectural to some extent, are suggestive of the complex task that lies ahead for private industry and government to bring about a reasonable match between the education and skills of the labour force and the needs of the economy.

178 The need for certain reorientations in manpower programs and industrial training has been recognized by CE & IC, most recently in its submission on labour market policies, to the First Ministers' Conference on the

Economy, November 27-29, 1978. Provincial governments also have responsibilities for a wide range of policies and programs which affect the labour market, the most important of which are education and training, but which also include legislation and regulations relating to minimum wages, hours of work and labour-management relations.

179 Two major reorientations appear likely at the federal level, namely, a shift in emphasis to encourage skill training, particularly industrial training and a phasing down of involvement in general academic upgrading. The second reorientation relates to the allocation of funds, over and above guaranteed minima, to those areas of the country where employment growth is strong and job opportunities are more abundant.

180 The Commission makes a number of specific recommendations on the subject of industrial training. A key to an improved labour market lies in better information and an effective national placement service; these two needs are dealt with in more detail in other parts of the report. And there is a need to develop more co-ordinated manpower planning between government and industry, both in situations of shortage and in the event of major lay-offs - a need which is also referred to in greater detail elsewhere in this report.

H. Significance of Labour Market Developments

181 The foregoing analysis indicates profound changes in the Canadian labour market, including changes in the meaning and significance of unemployment itself.

182 For the future, the long term decline in the rate of growth in the working-age population will inevitably lead to a decline in the pressures of labour supply. In the short to medium term, however, this relative decline could be offset by a continuation of the long term rise in participation rates. The increase in participation rates in 1978, despite high unemployment levels, would suggest that more women may enter or remain in the labour market longer. These supply side developments, when combined with the lackluster growth prospects contained in most economic forecasts, suggest a continuation of or only a slight improvement in present high unemployment levels over the next few years. The close and positive correlation between unemployment and lay offs has been illustrated.

183 Contributing to and underlying the difficult future picture will be changes that will take place in the structure of industry as a result of an increasingly competitive domestic environment. While not completely dominated by such factors, this environment will be greatly affected by increasing competition from both third world and industrially advanced countries. While reductions in

tariff and non-tariff barriers will result in opportunities as well as in problems, the net result will be shifts in resources from declining industries to others where economic opportunities are greater, with consequent labour dislocations.

184 On the labour supply side, the prospects are for continuing imbalances between the education and skills of those who are entering the labour force and the needs of the economy, with obvious implications for training programs. Mobility of labour will also be an important adjustment mechanism, since industrial change has inevitable local and regional implications. Moreover, immigration can no longer be counted on as a source of labour supply, particularly for skilled labour, and domestic sources of supply will need to be tapped.

185 Changes in these dimensions will place a heavy burden on individuals to adapt to them in terms of education, training and re-training and a willingness to move to areas of greater economic opportunity. They will place great demands on employers in terms of manpower planning, such as the need to minimize the economic distress caused by reductions in production through planning for reduction through attrition rather than lay-offs, through transfers and through retraining. They will place heavy responsibilities on unions to bargain for improvement in job and income security for their members, perhaps at the expense of immediate larger wage increases.

186 Finally, industrial changes and changes in the supply of labour will place heavy demands on governments to provide policies and programs designed to facilitate the adjustment process that will take place in industry and in the job market. If unemployment levels remain high, it is inevitable that considerable emphasis will have to be on unemployment insurance and direct employment measures designed to create temporary employment, either in the para-public area or private industry or through such means as wage subsidies. If unemployment levels decline to more sustainable levels (although perhaps high by historical standards) the normal adjustment processes that occur in the labour market will take place more readily. The traditional instruments of government policy designed to facilitate the adjustment of labour supply to demand - training, immigration, placement services and mobility - should be emphasized and, in the view of the Commission, substantially improved.

CHAPTER III - FOOTNOTES

- 1) See Andre Raynauld, Memoire soumis a la commission d'enquete sur les reductions de personnel et les mises a pied, October, 1968.
- 2) These and some of the other figures not shown in Table 1, were obtained from Chapter 4, "People and Jobs", Economic Council of Canada, 1976.
- 3) Ibid, p. 77 - 78.
- 4) Statistics Canada, Research Paper Number 17, "Flows into Unemployment", Bruce Macdonald, May 1978
- 5) A. Raynauld et Associes Inc., "Analyse statistique des donnees relatives aux licenciements et mises a pied", 1968.
- 6) Economic Council of Canada, Eleventh Annual Review: Economic Goals and Social Indicators, Ottawa, Supply and Services Canada, 1974.
- 7) Andre Raynauld, Memoire soumis a la commission d'enquete sur les reductions de personnel et les mises a pied, October, 1968.
- 8) "Out of School - Into the Labour Force" - trends and prospects for enrolment, school leavers and the labour force in Canada - the 1960s through the 1980s - by Z. Zsigmond, G. Pioot, W. Clark, M.S. Devereaux, Statistics Canada, August 1978.
- 9) "The Labour Market: Prospects to 1986". L. Motuz, 1979.
- 10) Discussion Paper, First Ministers' Conference on the Economy, November 27 - 29, 1978 - A Review of Canada's Medium-Term Economic Prospects, Department of Finance, Canada.
- 11) Economic Council of Canada. Fourteenth Annual Review: Into the 1980s (Ottawa, Supply and Services Canada, 1977, pp. 83 - 84).
- 12) Economic Council of Canada. Fifteenth Annual Review: A Time for Reason. (Ottawa, Supply and Services Canada, 1978, p. 127).

- 13) The unemployed are those without work, who looked for work (with two exceptions - persons on temporary layoff and persons with a definite job to start at a definite date in the future) and were available for work. The unemployment rate is a measure of unemployment as a percentage of the labour force.
- 14) Economic Council of Canada. 15th Annual Review: A Time for Reason. (Ottawa, Supply and Services Canada, 1978, p. 87).
- 15) Fifteenth Annual Review, Economic Council of Canada. A Time for Reason, 1968.
- 16) Fifteenth Annual Review, Economic Council of Canada. A Time for Reason, 1968.
- 17) J. Vanderkamp. Mobility Behaviour in the Canadian Labour Force, Special Study No. 16, Economic Council of Canada, 1973, pp. 23 - 24.
- 18) Discussion Paper, First Ministers' Conference on the Economy, November 27 - 29, 1978. Labour Market Policies, Canada Employment and Immigration Commission.
- 19) Ibid.
- 20) See for example A.E. Safarian, "Canadian Federalism and Economic Integration, Constitutional Study prepared for Government of Canada, 1974.
- 21) Out of School - Into the Labour Force - Trends and prospects for Enrolment, School Leavers and the Labour Force in Canada - the 1960s through the 1980s - Statistics Canada: August 1978. Catalogue 81-570 E. Occasional.

CHAPTER IV
BASIC ISSUES

187 The essence of the Commission's terms of reference is the management of human resources in circumstances of change and redundancy and permanent severance from employment at the level of the enterprise.

188 Generally speaking, labour force redundancies are an inevitable result of the pervasive changes currently being experienced by industrially advanced countries. In addition to structural unemployment which has been a characteristic of the Canadian labour market, the economy is experiencing sectoral adjustment problems and deficiencies in overall demand.

189 Chapter II describes the external environment in which members of the labour force relate to their employment. In general, five characteristics of the Canadian community prescribe the world of work and the processes of "change".

190 First, Canada operates in a market economy consisting of a mixture of private enterprise, government regulation and state enterprise. Second, Canada is characterized by a relatively open economic system, in that international trade is an important element of our total production and consumption. Third, the industrial relations system which has been adopted as being the most compatible with

the foregoing phenomena is collective bargaining; but the collective bargaining system as it operates within the country today is far from comprehensive either in its coverage of the labour force or its coverage of subject matter. Fourth, external forces, principally in the area of world trade, have an impact on the Canadian world of work, producing problems of job dislocation. Fifth, job dislocation can occur because of corporate decisions taken in the private sector outside Canada. These external decisions have a particular impact in situations of monopoly where market forces cannot otherwise react.

191 The task of this Commission is to recommend ways in which human resources can better be managed in "change" situations, that is, how lay-offs can be avoided or limited, or hardship alleviated when lay-offs occur. While both the current industrial relations system and public labour market policy are essential to the development of a socially satisfactory and rational system of human resource management at the level of the enterprise, neither is currently sufficient in itself.

192 The formulation of such a system of human resource management in the Canadian context encounters fundamental and complicated issues reflecting the complexity of the social and economic fabric itself. Following are some

of the more obvious issues identified by the Commission and which are the subject of further discussion and resolution in subsequent chapters.

1. The Management of Causes

193 The most fundamental issue encountered by the Commission was that raised principally by the Canadian Labour Congress. The Congress would attack the root causes of redundancies and lay-offs by managing change itself - that is, by a comprehensive system of national economic planning. The rationale for the CLC position is based on disappointment in the performance of the current economic system and a lack of confidence in those who make decisions at both the macro- and micro-economic levels. The Congress states that "any scheme to deal with redundancies and lay-offs can only be effective within an overall manpower planning policy undertaken on a national basis." The Congress would establish an authoritative manpower planning agency actively stimulating investment and labour demand, and adjusting the labour supply accordingly.

194 The CLC derives two specific suggestions from the Swedish experience. The first would require all companies operating in Canada to retain a minimum percentage of pre-tax corporate profits in a central fund in Canada for future investment. The funds would be released for investment tax-free under conditions described by

government. The second suggestion of the CLC deriving from the Swedish experience is for government stock-piling subsidies. This would be applied at either industry or company levels. Both suggestions are aimed at maintaining production and employment.

195 This issue - more active state planning versus the current mixed market economy - is one that the Commission believes must be identified and articulated, but which it may not treat within its terms of reference, and which it could not adequately consider in any event, given limitations of time and resources.

2. The Nature of the Causes

196 A second fundamental issue again has to do with "causes". While it may be argued that the nature of the cause which results in redundancies and lay-offs is irrelevant to the person affected, it may be of significance to the way in which adjustments may take place and how the costs of such adjustments are or should be distributed.

197 The need for a change in the pattern of the workforce may be "elective" or "non-elective". In other words, there are obvious circumstances where a decision to introduce a change of any kind can be identified as subject to discretion. Examples of elective or discretionary changes, at least in terms of timing, might include technological and other changes designed to improve effectiveness or efficiency, but the delay or avoidance of which would not

jeopardize the well-being of the firm in the short run, whatever those words may be taken to mean. Non-elective changes are those where little or no discretion exists (and in specific instances may include technological change) and where to delay or avoid implementation may be impossible, illegal or irreparably damaging to the firm. The Commission considers the distinction between elective and non-elective change at greater length in Chapter VI.

198 The argument has been put to the Commission that the traditional prerogatives of management with respect to elective-type decisions should be limited. Non-elective decisions should be subject to public scrutiny. The issues raised are (a) whether the individual enterprise should continue to be the sole judge of the necessity and desirability of changes likely to result in redundancies, and (b) whether different sets of public requirements concerning redundancy management should exist in recognition of different circumstances of elective versus non-elective changes.

3. Management Prerogatives

199 Various referred to as "management rights" or "prerogatives", or "residual rights", this theory holds that anything that is not in a collective agreement falls within the prerogative of management. Thus, with the exception of "technological" change, as defined by

the Canada Labour Code, an employer may at present make such material changes during the life of the collective agreement as he decides without recourse to his employees, their union, or public authorities.

200 The management rights philosophy goes beyond the collective agreement. The idea is basic to the questions raised in section 2 above and relates to most other questions identified by the Commission. The issue is whether, in circumstances of material change, currently claimed prerogatives impede socially satisfactory and rational manpower adjustment.

4. Responsibilities

201 Of the four prime parties of interest - the employer, the employee, the labour organization and the state - each has clearly defined interests in the management of human resources, but not so clearly defined responsibilities.

202 The employer has certain responsibilities defined in law. Normally, in North America, these are minimum standards of social acceptability. The collective bargaining process supplements the legal minima. Beyond the legal standards there is little agreement as to what the employer's responsibilities should be. The employer's most obvious and easily understood responsibility is to operate his enterprise in the most effective and efficient manner possible, consistent with the law and

his perceived notions of corporate social responsibility. There are few statutory requirements and virtually no generally accepted norms in the unstructured area of redundancy management. It is little wonder that there is little agreement over the employer's responsibilities.

203 Little is heard of the individual employee's responsibilities in circumstances of change. His personal objective will normally be gainful and satisfying employment, but beyond an active job search his scope for action is limited. His attitudes and receptivity will be vital in any internal adjustment activity, particularly that respecting retraining and mobility.

204 The first responsibility of the labour organization is to its members. The fulfillment of this responsibility can be internally complicated and conflicting. There are, of course, other responsibilities, including those on behalf of members not affected by the change. It must also be remembered that the labour organization has an interest in the maintenance and protection of its membership and a "corporate" responsibility to maintain its health and vigour.

205 The federal government has assumed labour market policy leadership in Canada. Canada's employment policy follows the general model of an active manpower policy recommended by the Organization for Economic Co-operation and Development. Canada is committed to "vigorous measures ... to facilitate

and stimulate the adaption of people to the changing pattern of manpower requirements in all economic circumstances" 1). On the industrial relations side the federal government, through the Canada Labour Code, is committed, inter alia, to "the promotion of the common well-being through the encouragement of free collective bargaining and the constructive settlement of disputes" 2).

206 Given the number of persons unemployed, and the estimated proportion of these who are unemployed because of "lay-off", the question concerning responsibilities bears consideration. The key issue is how are responsibilities and costs for the potential human casualties of necessary industrial change to be allocated.

5. Attitudes

207 The Commission has been impressed throughout its hearings by the general attitude of mistrust exhibited by many labour and management representatives. While these attitudes are not universal, labour unions in Canada are barely accepted and are considered adversaries in the market place; management is represented as being obsessed by profit maximization without regard for the well-being of its employees. If collective bargaining were not imposed, protected, administered and policed as a matter of law, what priority would it have and what stakes would labour organizations have in Canadian industrial relations?

208 In contrast, a limited number of examples of industrial relations in Canada have developed on the basis of the maturity and wisdom of the respective representatives. These relationships are similar to those found more commonly in Western Europe, where the collective bargaining role is distinct and often functions at a different level from the more co-operative role of continuous consultation between social and economic partners.

209 No socially satisfactory and rational system of human resource management can develop in a general atmosphere of mistrust and emotional hostility. How can the principal parties of interest be persuaded to recognize common responsibilities and objectives beyond the bargaining table?

6. Preventive vs. Reactive Policy

210 Related to the issue of increased intervention in the economy generally is the expressed desire for a more "active" manpower policy that would enhance the preventive role of governments in the labour market. Current manpower policy is criticized as being too accepting and passive. Current federal programs relating to manpower adjustment consist of facilitating services. They offer "assistance" or act as a "catalyst" to the principal parties when invited in an open and unstructured environment of change.

There is no process or mechanism aimed at avoiding or limiting redundancies in the absence of the employer's express initiative.

211 The issues raised here are related to specific issues identified elsewhere: to advance notice, to manpower planning by employers, to economic viability, and so on.

7. Scope

212 An issue of considerable concern to several parties was whether any one way of managing human resources in circumstances of change could be applicable to all industries in all circumstances. Employers in particular expressed concern lest their particular firms or industries be inappropriately included in some new all-embracing legislation, regulation or code.

8. Process

213 A related, but quite separate and more fundamental issue, is that raised by several employers who maintain that government should leave the whole subject of adjustment to the collective bargaining process. This view is influenced by several factors, including a philosophical conviction that government should not "interfere" at the workplace, an extension of the management prerogative view, and a failure to recognize fundamental differences

between the collective bargaining process and adjustment processes. It is the view of some employers that adjustment measures should be negotiated and subject to the same "trading-off" process as any other "demand". It also ignores the interests of unorganized employees, who are a majority of the labour force in this country.

214 Most labour unions complain that the collective bargaining process is incapable of dealing with complex socio-economic problems and that the actual terms of adjustment should not be confused with the process.

215 The Commission makes a clear distinction between general adjustment practices and processes (of which joint consultation is a significant feature) and those adjustment terms that are applied in particular cases (advance notice, severance pay and so on).

9. Advance Notice

216 The consideration of basic issues in the balance of this chapter is addressed to certain fundamental adjustment techniques which in the first instance appear to offer a greater measure of effectiveness than others. Their prospects for effective penetration into the essential nature of the redundancy problem bespeaks the more philosophical treatment given to other basic issues in this chapter. The first of these adjustment techniques is advance notice.

217 Advance notice - the Commission recognizes the potential tautology in the term, but at least its use justifies its adoption here - in its most rudimentary form, is simply communication from management concerning its intentions and the operative date of its decision. "Effective" advance notice provides sufficient time for action by the parties who individually and collectively have a role to play in the adjustment process.

218 What is a sufficient amount of time? To whom should advance notice be given? the individuals affected? the labour organization? the federal or provincial labour market agency? the community? Is there a minimum number or proportion of employees affected by the decision that should trigger a requirement for notice? What information should the employer be obliged to provide? Should the employer be obliged to provide the reasons for his intended action? Justification? What length of advance notice is proper? What criteria should be issued in determining appropriate notice? Should there be a statutory requirement for an early warning period to allow time for joint consultation and planning?

10. Joint Consultation

219 The term joint consultation - again, a potential tautology which is nevertheless designed to convey a significant meaning beyond mere "consultation" - implies consultation as a right among equals. The term emphasizes the reciprocal exchange of information and advice. It does not mean consensus; but consultation, if it is effective, can lead to consensus even in the common unilateral form of decision-making process.

220 There are three levels at which joint consultation can take place, and it can include different parties of interest. Joint consultation at the first, or decision-making stage, to effect a change, presumes a degree of acceptance by management, not commonly found in Canadian industrial relations at the enterprise level, of the labour union's potential contribution. Closely related to joint consultation at the decision-making stage is consultation about ways and means to avoid or reduce lay-offs resulting from the fact of redundancies. Following that second stage is consultation over ways and means to ease hardships from lay-offs that have been accepted.

221 If some form of joint consultation is judged to be desirable policy in the field of Canadian industrial relations, how can this essentially voluntary and non-adversarial process be brought about? How is impasse resolved in this process? Is there a role for third party participation and assistance in the joint consultative process?

11. Mobility

222 Individual mobility is often cited as one of the most important potential adjustment measures. The Commission has heard of many instances of satisfactory adjustment made possible only because the individual and his family were willing to bear the personal burdens involved in relocating. The Commission also heard of many instances where relocation was simply not a practical consideration for redundant and laid-off workers. The question concerns the myth and reality of mobility as an adjustment measure. When is it reasonable for a worker to refuse to relocate and how does such a decision affect the various responsibilities of the parties of interest?

12. Severance Pay

223 There is no apparent consensus as to the precise definition or purpose of severance pay or the conditions,

if any, upon which its payment depends. In its most simple and straightforward form, severance pay is considered as deferred wages or salary payable on separation. The amount depends on length of service, and sometimes rate of pay. No other purposes are ascribed to the payment and no rationale is required.

224 Severance pay is often provided in lump sum or in regular payments as "income maintenance." Again, the amount normally depends on length of service. The purpose and rationale for this type of payment becomes clouded when there is little or no unemployment gap between jobs. Severance pay can assume the character of a windfall gain in such circumstances.

225 Finally, there is the "proprietary right in the job" principle which holds that a job represents economic (and social) value; when "tenure" in the job is arbitrarily removed, the individual should be compensated. The issue becomes one of "what constitutes compensation." The proprietary rights principle is the basis for Britain's statutory redundancy policy, the main thrust of which is to compensate the worker for job loss in cash and then to leave him to his own devices. Other countries of Western Europe have attempted to develop more comprehensive adjustment systems aimed at getting the laid-off worker re-employed.

226 Social ethics require that the individual should not be deprived of his job except under the most exceptional circumstances, and if deprivation is unavoidable he should not bear the whole cost of income maintenance and re-employment. Severance pay in a human resource management system at the firm or enterprise level recognizes this.

13. Other Issues

227 Following are a number of other issues which the Commission has identified as requiring consideration:

(a) Disadvantaged Workers

228 Some members of the labour force experience difficulty in competing in the general labour market. Personal characteristics such as age (both the young and older workers), sex and physical disability can create competitive problems for the individual job seeker. What special measures, if any, should be considered in the adjustment process to accommodate the needs of disadvantaged workers facing redundancy?

(b) Pension Vesting, Portability and Locking-in

229 Minimum vesting provisions contained in provincial pension statutes require only that pension benefits vest after the employee has attained age 45 and has completed 10 years of service. Both employer and

employee contributions to private pension plans are then "locked in", that is, the employee cannot opt for a cash withdrawal of either his own or his employer's contributions on his behalf, but must take his benefits in the form of a deferred pension.

230 Private pension practices in Canada raise several problems for individual employees and managers, particularly in a redundancy situation. Employees laid off prior to age 45 or before completing 10 years' service with the same employer lose their pension rights. An older worker cannot realize his full deferred income until the set retirement age; early retirement pensions are normally reduced actuarially, and the reduction may be considerable. Public pensions do not commence before age 65. A large number of Canada's labour force effectively do not participate in private pension plans.

(c) Runaway Employers

231 Several labour unions and associations of unions complained about firms who, having received substantial public incentive grants, make decisions and initiate actions causing redundancies with no more assumption of responsibilities than legal minima. The question whether firms receiving public grants should be required to undertake special redundancy management obligations is raised. Where the action

constitutes a transfer of operations out of the country to a "more favoured nation," with permanent loss of jobs in Canada, the case for protective action is even louder.

(d) Offshore Decision-Making

232 It is not uncommon to find severe cases of redundancy resulting from decisions taken by foreign parent firms. Production may be halted, reduced or diverted for reasons of no benefit to Canada or Canadians. This issue is important for Canada and raises questions, including sovereignty and private property rights.

(e) Manpower Planning by Employers

233 Where employers practise sound human resource management, including manpower planning (including in-house training) the incidence of lay-off due to redundancy is lessened and in consequence the potential for individual hardship is greatly reduced. Too many employers do not plan the use of their human resources; when change comes it is difficult to see any alternative to redundancy and termination of employment at the least possible cost. The question arises as to how employers can be persuaded to carry out a satisfactory level of continuous manpower planning.

(f) Economic Viability

234 Expectations of society with respect to corporate social behaviour are in a measure codified in law. These expectations historically have represented "improvements" and are tempered by the ability of companies either to absorb the costs of compliance or to pass them along to their customers. Some companies surpass the legal minimum standards of behaviour to earn special community recognition as being a "good corporate citizen." Generally speaking, however, the realities of the market place dictate standards of corporate behaviour. Thus society can expect no more from its economic generators than what is economically viable. It is an important consideration of this Commission that its recommendations should interpret social expectations in the light of the criterion of economic viability.

(g) Training and Retraining

235 The subjects of training and retraining evoke considerable emotion among management and labour representatives. As purely an internal adjustment measure in response to a particular change, training and retraining have not generally been effective. Those few firms whose internal training and retraining programs appeared to the Commission to set a satisfactory standard apply considerable human and financial resources to the task. In the case of a firm using high technology and

facing rapid change, the cost of training can be as high as 3 per cent of total payroll or even higher. These sums need not, however, be assumed in total by the firm, and subsidies are available through CE & IC to apply against the salaries of workers being trained, and those of trainers themselves. The issue emerges as one of how better to exploit available public and private resources for internal manpower adjustment purposes.

(h) Federal-Provincial Co-ordination

236 The Commission has heard complaints about the lack of federal and provincial co-ordination of services. In some instances rivalry between federal and provincial officials appears to have had detrimental effects on those citizens who urgently required public services. In other instances, overly bureaucratic procedures appear to inhibit the efficient application of programs and resources to target situations. Several areas of labour market policy are shared by federal and provincial governments. The facts of federal-provincial relations in Canada today do not give cause for optimism concerning the shared administration of policies and programs of so obviously political impact.

(i) Dependent Communities

237 Brief reference was made in Chapter II to the dependent community, or one industry or single pay-roll town.

238 Where substantial redundancy and consequent lay-off occurs in a dependent community the loss can go far beyond that absorbed by the individual employee. A case can be made that where an industry is based on a non-recurring resource, such as in a mining town, property matters, including private housing and public infrastructure and service industries, ought to be the responsibility of the proprietor of the resource. Where a community is built on a recurring resource and a substantial redundancy or shutdown occurs, the argument can be made that compensation for property loss ought to be borne by the employer or by the state. Some parts of the infrastructure may well end up an irrevocable loss - water systems, sewers, churches, schools, roads, hotels, and so on.

14. Conclusion

239 Many more issues have been identified by the Commission than have been described above; they are treated in following chapters. Of the issues described above, the more basic are considered in detail. Some, however, are discussed in a more cursory way and will be referred for further investigation.

CHAPTER V
PRINCIPLES, POLICIES AND PROGRAMS
(at home and abroad)

A. Introduction

240 The identification of basic issues (Chapter IV) is a first step toward the development of a framework within which specific practices for the proper handling of redundancies can be discussed. In this Chapter an attempt is made to identify, compare and contrast Canadian principles, policies and programs with those found in the United States, various countries of Western Europe and the United Kingdom.

241 The process incorporating the various activities involved in the adjustment of human resources to a "change" at the workplace can be identified as (1) the decision to introduce a change; (2) efforts toward the avoidance or limitation of lay-offs; and (3) efforts toward the mitigation or alleviation of hardships that might result from lay-offs.

242 As discussed in Chapter IV, the decision to introduce a change may, in the short run, be elective or non-elective. In fact, some decisions are not easily classified. The avoidance or limitation of lay-offs consists of efforts toward "internal" labour force adjustments aimed at continuing utilization of present employees through the application of training,

mobility, attrition, or other measures. And the mitigation or alleviation of potential hardships from lay-offs refers to adjustment measures aimed at easing the transition from employment in the firm to new employment elsewhere or to retirement.

243 The Commission has attempted to guard against an assumption of the "determinist" theory which holds that inexorable forces inherent in industrialization condition the nature of social values and shape social forms to the point where substantial differences between societies diminish. Although the Canadian social matrix has distinctive qualities, the Commission recognizes similar characteristics among different industrialized societies, particularly between Canada and the United States, and among different mixes of social and economic priorities within those societies.

B. Fundamental Principles

1. The Dynamic Socio-Economic Environment

244 Full employment has been an explicit goal of economic and social policy throughout the industrialized western world since 1945. With only minor pauses, persistent economic growth has characterized the postwar period to the mid-1970s. Countercyclical economic stabilization policies were developed

and "active manpower policies" were designed to match supply and demand. These latter policies were designed to deal not with heavy volumes of unemployment resulting from general demand deficiencies, but primarily with frictional and structural labour market problems by enhancing occupational, inter-industry and geographic mobility.

245 The recession of the mid-1970s has been accompanied, for Canada, by unusually high rates of inflation, inhibiting the application of expansionary monetary and fiscal policies. Policy-makers turned to manpower policy and other programs on the supply side of the labour market. Existing manpower programs, including direct job creation programs, were enhanced and attention was turned to efforts aimed at maintaining workers in existing jobs.

246 As high rates of unemployment and inflation persist the fundamental character of the problems of the labour market change. Only recently these problems were associated with frictional and structural unemployment. To-day, insufficient demand is causing unemployment. Redundancy problems have assumed a new and vital importance. A recent statement issued by the Swedish government says "the first line of defence against unemployment must be where people are employed."

247 The Commission has been appointed at a time of change - not only in terms of the economy and the labour market, but in terms of social values. The expectation of growth of all kinds is an extremely strong component in our culture, whether it can be regarded as inherent in human nature or not. Exaggerated personal and institutional expectations of prosperity and affluence have become a social characteristic. Prospects and expectations mark the "up side" of society - what may be called advantageous change. People regard the fulfillment of expectations as a natural event.

248 Canadian society now has hit the "down side"; it is a time of slow-down in economic growth, disadvantageous change, an ageing society, and conflict between the values of efficiency and humanity.

249 There is also a conflict in philosophy between interventionism on the part of the state and non-interventionism. This may be expressed in terms of the active pursuit of social transformation as against the continuing operation of "free" market forces.

250 All these factors cloud the general view of rights and responsibilities with respect to employment and redundancy. There is little unanimity of opinion in Canada's industrial

relations community over the assumption of responsibilities or the ways and means of managing human resources in circumstances of change.

2. Changing Values

251 Brief reference was made to the context of values in Chapter II. Until relatively recent times - despite minimal legislative developments - the accepted philosophy that employers had the right to operate business undertakings in the interest of economic efficiency and private or corporate gain had not been seriously challenged. To-day, however, the idea of managerial prerogative sustained by the doctrine of property rights is being challenged by the idea that managements have definite and definable social and economic obligations:

The notion of corporate social responsibility springs from the premise that business exists to serve not only the economic needs of its shareholders, customers and employees, but also the wider economic and social needs of the society in which it operates. The public now expects more than an adequate supply of goods and services, and demands that business meet these additional expectations. Thus the corporation is seen as having a responsibility, over and above its economic one, to concern itself with and devise or help to devise solutions to the social problems (many of which it has helped to create) that exist in the society of which it is a part¹).

252 It is accepted that the individual has a right to protection and support when impersonal market forces focus on him. The idea of "property rights in the job" support this social perception. It follows that the individual should not be deprived of his job except under exceptional circumstances, and where all attempts to find an alternative solution have been exhausted.

253 Within the general orbit of conflict between the values of efficiency and humanity, ideas about what is fair and reasonable with respect to redundancies have been changing. Generally speaking, however, and with notable exceptions, employers' commitments to the individual employee's social and economic welfare are less than their commitment to business efficiency.

3. Strategic Implications for Policy

254 In a changing economic and social environment new policy responses are required that reflect new conditions and changing social values. In any redundancy situation three principal questions arise: first, is the decision itself; second, is the framework of judgment about the necessity of reductions in the labour force; and finally,

is the adjustment of those affected. These levels of decision-making are discussed at greater length in the preceding chapter under Joint Consultation.

4. Attitudes and Philosophies

255 A summary examination of institutional arrangements concerning job security will show that, in varying degrees, all modern industrialized societies have accepted the social value that the employer has an obligation to the worker who is deprived of his livelihood. At the same time, however, it is evident that the economic efficiency of the enterprise is of paramount importance when finally deciding on adjustment of the workforce. Attitudinal perspectives are discussed at greater length in Chapter II.

256 In Western Europe in particular, after 1945, the commitment to full employment went further than the goal of economic growth. The policy of full employment came to be the basis of the social conviction that every person willing and able to work had a right to employment. This right finds expression in the laws of a number of countries and in the European Social Charter. From this followed not only the concept that it was the duty of the state to intervene in the

labour market, but gradually the almost universal acceptance of the proposition that a person has a property right to his job and, therefore, the right to its protection and, under certain circumstances, to be compensated for its loss.

257 All the countries, including Canada, conform in varying degrees to ILO Recommendation No. 119 (1963), which identifies two basic problems and policies to deal with them. The problems are: (1) whether lay-offs can be avoided or limited in case of threatened labour force reduction in a given undertaking or industry; and (2) where such lay-offs cannot be avoided, how the well-being of those affected and their placement in appropriate alternative employment can be ensured.

258 In 1975, the Commission of the European Economic Community (EEC) approved a Directive governing collective dismissals which member states were obliged to implement within two years.²⁾ The Commissioners commented on their Directive as follows:

The proposal assumes that in the event of mass dismissals (lay-offs) the public authority has important responsibilities since the dismissed (laid off) worker invariably requires its financial support as well as its assistance in finding alternative employment. As the public authority, and the public at large, has to cope with the consequences of entrepreneurial decisions, then it should have the right to

intervene when such decisions are based on non-existent or unjustified grounds. Such a right would protect both the labour market and the individual worker.³⁾

259 The Directive represents a codification of the general philosophy toward redundancy management found in EEC member countries. It defines collective dismissals as dismissals carried out by an employer for one or more reasons which have nothing to do with the individuals involved and affecting a specified number of persons.

260 Under the Directive, an employer contemplating collective dismissals must consult with the workers' representative to try to reach an agreement on ways and means of avoiding them. He must also bring such plans to the notice of the authorities within a specified period during which no dismissals may take place. The postponement is to be used to avoid or reduce the redundancies or to limit their consequences.

261 The root of Britain's Statutory Redundancy Policy is the belief that a worker has property rights in his job. Therefore, on grounds of equity, compensation should be made to someone who loses his job. The uniqueness of the British system of statutory severance compensation lies in the right given the worker to the receipt of a cash payment solely on the ground that his job has come to an end.⁴⁾

262 Two principles appear to underlie policy in Britain which are not present in the continental policies and programs: (1) redundancies are entirely a matter for individual employers; and (2) all redundancies are useful from the wider community viewpoint, inasmuch as they reflect change that is related to growth.

263 In the United States, there is no universally applicable statutory provision concerning individual or collective dismissals at either the federal or state levels. The whole area of hiring and firing is entirely left to the relationship between the employer and the employee, be it in the form of an individual employment contract or one collectively reached. As only an estimated 35 per cent of the paid labour force in the United States is under collective agreement, the large majority of workers lack generally enforceable rules in the case of redundancies.

264 Canada remains more philosophically identified with the United States redundancy policies than with others. In 1971, the federal government added legislative provisions for notice of individual and collective dismissals, and for minimum levels of severance pay. In nine out of 11 jurisdictions it is a legal requirement to give notice of separation⁶⁾, and in six of these the law distinguishes between individual and collective dismissals⁷⁾. Only the federal jurisdiction confers severance

pay as a statutory right. Apart from "notice" and modest rates of severance pay there is no other general requirement concerning redundancy management codified in Canadian legislation.

265 As was expected, the Commission encountered a variety of views throughout Canada concerning human resource management in circumstances of change. One principle that was asserted frequently is that "the party who causes or benefits from the change must bear the cost." Others would assert that certain changes under certain circumstances involve what should be regarded as social costs to be borne by society at large.

266 Generally speaking, employers are not so much reluctant to assume their perceived responsibilities as they are against alleged government intervention in "their" affairs. Labour union representatives demand more effective government regulation over what is perceived to be a damaging degree of employer discretion in redundancy management. Governments appear primarily concerned with industrial peace and alternative employment.

267 The distinction between collective and individual dismissals is in the first place due to the consideration that collective dismissals, or a number of dismissals by the same

employer within a relatively short period of time may have graver repercussions on local labour markets and, therefore, may require government intervention with policies and programs designed to mitigate these effects on the individuals and communities concerned.

268 Thus the law on collective dismissals normally extends the period of notice of separation beyond that required in the case of individual dismissals in proportion to the number of persons whose employment is to be terminated, so that there is time to bring these policies and programs effectively into operation, if possible within the notice period.

269 However, in Canada there is an added dimension to the distinction between individual and collective dismissals, because in the area of manpower policy the otherwise strict delineation between the powers of the federal government and those of the provinces in labour matters does not fully apply. Under the 1941 Unemployment Insurance Act, for which a constitutional amendment was required, the federal government was not only empowered to establish such an insurance system but was required to create a nation-wide employment service. Thus, unlike the other areas of labour jurisdiction the federal government could develop programs and policies

in the management area which extend to the labour force as a whole. While enforcement remains a matter for the individual jurisdictions, and the provinces may (and do) develop their own policies and programs as they wish, the federal government may enter the field of redundancy policies with programs which, in co-operation with the provinces, seek either to avoid such redundancies or, if they become unavoidable, to mitigate their effects.

C. Policies and Programs

270 As has been described, all countries in the industrialized West, including Canada but excluding the United States, are committed in some degree to alleviating the economic and social repercussions of industrial change. This section examines briefly the policies and programs of the various countries designed to effect these commitments.

1. Institutional Arrangements for Policy Development and Implementation

271 Within the terms of reference of the EEC Directive of February 1975 (see above), and the similar evolution of their pertinent public policies, there is considerable variety in the different countries' remedial programs.

272 There is, for example, a substantial degree of public financial and other redundancy benefits in both France and the United Kingdom, but in France the public benefits are supplemented by national labour-management agreements, while in Britain supplements occur only rarely and then at the industry level.

273 There are certain similarities in the institutions for labour market policy development and implementation between Germany and Sweden. Both are administratively autonomous bodies.

274 The agency in the main responsible for labour market matters in Germany is the Institute for Labour. It has a strictly tripartite character which is maintained at all levels. The governing bodies (a smaller Presidium and a larger Administrative Board), as well as the Administrative Commissions at the provincial level and the local manpower offices, are composed of an equal number of business, labour and public members. Appointments are made upon nomination by the unions and the employer associations and in the case of public authorities by those operating at the corresponding level of government. Budgets and general control lie with the Ministry of Labour and Social Affairs.

275 In Sweden the competent authority is the Labour Market Board with its subdivisions, the County Labour Boards and the District Employment Boards. Though in addition to public authorities, the Boards always contain labour and employer representatives, in some instances other interests are represented, especially those of the local community. This tripartite or multipartite character is not restricted to the decision-making or administrative bodies but applies also to more or less permanent working groups engaged in a consultative function in research and policy development.

276 The operational scope of the Institute of Labour in Germany and the Labour Market Board in Sweden is very wide indeed and encompasses every conceivable facet of labour market policies.

277 In France, the main agent of state intervention in the labour market is the Ministry of Labour through the Inspectorates of Labour and various dependent committees and semi-autonomous bodies. However, in the specific area of lay-offs and redundancies an important role is played by central agreements between the National Confederation of Employers and the three central labour organizations. These agreements are then implemented by sectoral agreements between the respective sectoral

employer and union federations. These agreements then obtain the force of law by ministerial decree ("extension of contract").

278 In the Netherlands, state intervention in labour market matters is highly decentralized and entrusted to a wide variety of national and local government agencies. A particular feature of the Netherlands system is the role played by the Social and Economic Council, a statutory body which is composed of an equal number of business and trade union representatives and so-called "crown members" who are not government officials but independent experts. The particular role of the Council is derived from the fact that the government has the statutory obligation of consulting the Council in all matters of economic and social legislation: it comes close to a negotiating process. The Council examines special problem areas through standing or ad hoc committees. Also a number of Commodity and Industrial Boards are in existence - in the main in small industries - which in addition to their consultative function have certain regulatory powers. In the specific area of dismissals, however, administrative responsibility lies with the local Employment Offices, with labour and management input, operating under the direction of the Ministry of Labour.

279 In the United Kingdom, the main instrument of manpower policies is the Manpower Services Commission (MSC), a semi-autonomous body under the general authority of the Ministry of Employment. Its Employment Services Agency (ESA) is responsible for the unemployment register, the payment of unemployment benefits, job placement and mobility measures, while the Training Services Agency (TSA) is responsible for vocational training and retraining. The members of the Manpower Commission are appointed after consultation with the employer and union organizations as well as local government and education authorities. The Commission is assisted in an advisory capacity by a network of local Manpower Committees that are composed of representatives of the employers and the unions as well as local interests.

280 In most of the countries under review, but for a certainty in Germany, France and Sweden, the manpower offices have a legal monopoly on job placements. Private employment agencies are frowned upon by the law. Despite this, the penetration of the labour market by the manpower offices appears to be low and in the main restricted to production and unskilled labour. Other means such as advertisements, personal job hunting and vacancy posting still play a major role in filling vacancies.

281 As far as could be ascertained, in most countries employers are not compelled to report job vacancies. However, Sweden introduced compulsory vacancy reporting on a trial basis in 1976 in the three most heavily populated counties. Permanent introduction of such legislation is now under consideration.

282 In the United States there are no national institutions devoted to redundancy policy development and implementation. There do exist, however, a number of ad hoc federal statutes introduced piecemeal over time which have a direct or indirect bearing on specific redundancy problems. These deal with specific sectors or groups of workers and are related to structural changes.

283 In Canada, the federal agency responsible for labour market policies and programs is the Canada Employment and Immigration Commission (formerly the Department of Manpower and Immigration and the Unemployment Insurance Commission). With its network of over 450 Canada Manpower Centres, the CE & IC has developed an overall employment policy following the general model of an active manpower policy as previously recommended by the OECD. This policy includes a number of programs and services available to individuals and private sector employers.

284 The Canada Labour Code prescribes the rules of industrial relations as well as labour standards in Canada for industries under federal jurisdiction. The Code is administered by the Canada Department of Labour (Labour Canada).

2. Laws Governing Dismissals and Redundancies

285 There are several facets to the statutory provisions concerning dismissals. The first concerns the degree of control which European governments exercise over business, particularly in the case of dismissals and redundancies. It goes far deeper than that to which we have been accustomed in North America. This control applies not only to this particular aspect of labour law, but to the whole area of labour standards.

286 And it is nothing new. The United Kingdom excepted, at least until the introduction of the Employment Protection Act, state intervention in matters of employment conditions has a history which goes back over many centuries, when it was exercised in the minutest detail, primarily through the intermediaries of artisan guilds and corporations.

287 Only relatively briefly interrupted during the first half of the 19th century, state regulation of employment conditions was revitalized by the growth of the political labour movement which could exercise its pressure on the legislatures decades

before trade unionism could exercise economic power through collective bargaining.

288 A further observation relates to the extent, scope and role of consultation between labour, industry and government on economic and social policies, which dates from the post-Second War period and resulted in the integration of the trade unions - or in given cases other forms of labour representation - into the procedures prescribed by law before lay-offs can take place.

289 With the exception of Germany, among the countries under review the law makes no clear-cut distinction between individual and collective dismissals. However, it does normally make a distinction between dismissals for economic reasons and others. As individuals are rarely laid off for economic reasons, this term normally refers to group lay-offs.

290 Finally, the increasingly stringent conditions which European law places on the employer in the case of dismissals, whether individual or collective, reflect the approach mentioned earlier that it is preferable from the point of view of the national economy to keep workers in employment, even if this increases the cost to the individual employer.

(a) Germany

291 As mentioned earlier, German law, in addition to the normal regulations governing individual dismissals, extends particular protection to employees in the event of collective dismissals or redundancies.

292 Collective dismissals are defined in Germany in relation to the number of employees which a firm normally employs. This means five workers in the case of firms normally employing between 21 and 49 workers, 10 per cent of the workforce or 25 workers or more in enterprises employing between 50 and 99 workers, and 50 workers in enterprises employing at least 500 workers. Certain categories of employees, such as managerial and administrative personnel, do not count toward these totals.

293 Appeals against "unfair" dismissals and against dismissal violating the notice procedures can be made to the Labour Courts. Recently published sources indicate that the number of such appeals have increased tremendously in recent years. Even if urgent requirements of the employer are involved, the Courts may declare the dismissals to be socially unjustifiable if the employer has not given sufficient consideration to the "social aspects" of the situation. In such circumstances the employees are entitled to compensation.

294 In the case of collective dismissals, the employer is obliged to give prior notice to the local Manpower Office, stating the reasons for the redundancies and the opinion given by the statutory Works Council (see below). The case is examined by a specially established committee chaired by the officer in charge of the Provincial Labour Office, and includes an equal number of labour, employer and public members. The Commission in turn is obligated "to take into account the interests of the workers affected, of the firm, and the general situation prevailing in the branch of industry within which the firm operates" before authorizing the dismissals.

295 The involvement of labour in the dismissal procedures is guaranteed by law. However, this involvement does not extend to the unions, but is a prerogative of the Works Councils. The Councils must be notified of the intention to make cutbacks and be consulted on their implications. Their view must be forwarded to the Labour Office. Although the law does not state that neglect of consultation invalidates the dismissals, the Federal Labour Court has ruled that any deliberate failure renders the dismissals "socially unjustifiable."

296 The law also obliges the employer and the Works Council to negotiate "social plans." Such a plan normally covers (1) the selection of those to be made redundant; (2) the

effective date of the redundancy and (3) the amounts of redundancy payments. If no agreement is reached, either party can refer the matter to the Labour Office for mediation. If this too does not lead to an agreement, the dispute can further be referred to a Conciliation Board which is empowered in the case of disagreement to devise its own social plan: in other words, compulsory arbitration. The involvement of the Works Council and not the union(s) in the procedure means that redundancy matters cannot lead to a legal strike, as only unions, and not the Councils, can call a strike, while the unions are bound to an absolute "peace obligation" during the term of a collective agreement.

(b) France

297 As mentioned earlier, working conditions in France are regulated in considerable detail by law as well as by national agreements between the Confederation of Employers and the central union organizations, which then are adapted in industry-wide agreements that obtain the force of law by ministerial decree.

298 Unlike Germany, but in conformity with most other countries, French law makes no distinction between individual and collective

dismissals, but features the distinction between dismissals for economic and other reasons, as well as between fixed term contracts and indefinite employment.

299 An Act of 1956 introduced a dismissal notice of one month for all employees with at least six months' service. A further Act for 1973 provides for a minimum of two months' notice for those who have completed more than two years of service. In all situations not specifically provided for by law, either normal practice or the central agreements apply.

300 Appeals against dismissals can be made to the network of special industrial conciliation boards and, if upheld, may lead to the award of damages.

301 The emphasis of French law is on the intervention of the State. Not only must public authorities be informed, but they also have powers of intervention in the case of all redundancies. The law goes so far that even in the case of individual dismissals, the employer must obtain the authorization of the Inspectorate of Labour. These officials are clearly influenced by the effects of a proposed redundancy on the local labour market. Furthermore, the Inspectorate can revoke the required authorization for overtime work, shorten the permissible work week and introduce "work-sharing" (see below).

302 There is a long standing obligation on employers who are considering redundancies to notify the employee representatives or the enterprise committees where they exist. The emphasis on the involvement of staff representatives at the plant level is due not so much to the extensive statutory powers such as are enjoyed by the Works Councils in Germany, as to the comparatively weak unionization in the private sector of the French economy.

303 A national agreement of 1969 established the period of prior notice to employee representatives. It varies from eight days to three months according to the reasons for the dismissals and the number of workers involved. The staff representatives receive also the right to examine alternative solutions or measures which may mitigate the effects of the intended redundancies. In all cases the views of the staff representatives are brought to the attention of the Labour Inspectorate.

304 These powers have been enhanced further by a national agreement of 1974 that extended the definition of dismissals for economic reasons. In particular a period for consideration of the proposals of up to 15 days was provided for. In 1975 a further law was passed which laid down the minimum requirements for notification to the employee

representatives. The law applies in all redundancy cases whatever the cause, and covers partial redundancies where the overall number of jobs is not affected. It applies to all firms employing 10 or more people.

305 Dismissals affecting 10 or more people in a 30-day period are subject to even more specific provisions than in the case of less than 10. The first step in the procedure must be the convocation of the appropriate employee representative body to provide it with all relevant information. The employer must also inform this body of the measures taken to avoid or limit the redundancies. The employer has then to inform the Labour Inspectorate of the kind of information given to the staff and submit the minutes of the meeting. Provision is also made for a "delay of considerations," normally 15 days to 14 weeks, according to the nature of the redundancy and the numbers which may be affected.

306 To prevent employees from suddenly being confronted with redundancy notices, the law also gives the staff representatives authority to examine annually the employment developments of the firm over the past year and the firm's plans. The minutes of this annual meeting must also be forwarded to the Labour Inspectorate.

307 Finally, the firm is obliged to formulate a
"règlement intérieur," which forms part of the employment
contract and specifies the procedures to be adopted,
amongst others, in the case of redundancies.

(c) Sweden

308 In Sweden there are two new Acts dealing with the
question of dismissals and redundancies, both of which came
into force in 1974. Also the 1976 "Co-determination Act"
has at least an indirect bearing on the issue. In Swedish
law, too, there is no significant distinction between
individual and collective dismissals except for the
obligation of the employer to notify the County Labour Board
of cut-backs affecting five or more employees.

309 All dismissals are subject to a minimum of one month's
notice. For employees who have been with the firm for six
consecutive months or a total of 12 months during the
previous two years, the notice period increases by age group
from a minimum of two months for those of 25 years to a
maximum of six months for those over 45 years. In computing
the length of service, the employee may take into account
service with another firm in the same industry group.

310 It is further stipulated that where redundancies are envisaged, the County Labour Board must receive prior notice. The period of such notice varies from two to six months, according to the measures to be taken and the number of employees involved. The notice given to the County Labour Board must state the reasons for and the nature of the cut-backs, the date when they are due and the number of employees by occupational groups. The Board is empowered to ask for additional information for the specific purpose of protecting elderly employees or those with reduced working capacity.

311 Sweden has no statutory Works Councils and, insofar as they exist by agreement, the new Co-determination Act has diminished their role in favour of the local union(s). Before the individual employee is notified of dismissal or short-time work, the relevant local union(s) has to be notified. This rule applies even where an employee is not a member of a union. Where consultation with the union is involved, the employer may not take action until an opportunity for consultation has been provided. In addition, under the Co-determination Act virtually all management rights are negotiable.

312 Where major cut-backs are intended, in particular where such cut-backs may affect the local community, a joint consultation group, consisting of the employees, the union(s), the representatives of the County Labour Board and the municipality, must be set up to prepare for the cut-backs in such a way as to mitigate the impact on the community.

(d) The Netherlands

313 In the Netherlands, the employer's obligation in the case of dismissals is generally regulated by law. Occasionally collective agreements may establish provisions above the legal minimum. Also the term "collective dismissals" is not defined in law, but in practice it applies where "a number of dismissals occur that are relatively high over a short time."

314 The basic legal minimum period of notice is the normal interval between two wage periods or salary payments with a maximum of six weeks. This basic period can be improved upon by written agreement but must not exceed six months. Also added are periods for seniority and age.

315 The main intervention of the state under Dutch law in redundancy situations relates to compulsory notification

of the manpower authorities and requires the prior consent of the regional Labour Office. In the case of collective dismissals, the minimum period of prior notice is one month.

316 Authorization can be made conditional if the Director of the Labour Office so chooses. Dismissals not following the prescribed procedure can be rendered void for a period of six months, during which the employee is entitled to his full wages on condition that he returns to work.

317 The criteria by which the regional Labour Office considers authorization are established by ministerial directives. Authorization is normally granted if the employer can make a good case that the redundancy is caused by decline in business.

318 Dismissals which would affect a significant number of employees, including closure of plants, transfer of a company into new ownership, and mergers, must be notified to the Works Council to enable it to advise the employer of the Council's views "unless this would fundamentally be to the detriment of the interests of the company or the persons directly affected." The employer must, in giving notice to the Works Council, state the reason for the proposed measure and describe the expected consequences. In addition, the employer has to give the Works Council at least once a year

the opportunity to discuss the general situation of the company and its employment policies.

(e) United Kingdom

319 As indicated earlier, in the United Kingdom government regulation of employment conditions has not had the same long-standing tradition as on the continent, the role of the guilds having declined far earlier and liberal political economy having had a much more persuasive impact. Thus, although minimum employment conditions have been regulated by law, considerable modification through collective bargaining, either industry-wide or plant-wide, has been a frequent occurrence.

320 This has to some extent changed through the recent introduction of the Employment Protection Act. Under this Act, when the employer proposes to dismiss 10 to 99 workers over a period of 30 days or less, notice has to be given at least 60 days before redundancy takes place. This period is extended to at least 90 days in the case of 100 or more employees. Employers are further required to notify the Department of Employment if they are proposing to dismiss two or more workers within a relatively short period. Exceptions can be made for "special circumstances" where it is "not reasonably practical to meet this requirement."

321 The notification must state the reasons for the proposal, the number and description of the workers affected, the total number of the described persons in the establishment, and the proposed method of selection and of carrying out the dismissals, including the period over which they will take effect.

322 If the employer does not comply with these requirements, the Secretary of State for Employment may reduce the amount of rebate for payments made under the Redundancy Payments Act by 10 per cent (see below). Alternatively, proceedings may be instituted that could lead to fines for each individual worker affected.

323 The Secretary of State may also offer advice to the employer on how a redundancy could be averted or the effects moderated. If prevention of a particular cut-back is considered to be in the national interest, the government may provide support through loans or subsidies.

324 The new law also introduces compulsory consultation in redundancy situations with the appropriate trade union representatives. However, the role of the union(s) is strictly consultative. The employer has only to consider the arguments presented and need not accept them. He must,

however, reply to the suggestions made and state his reasons for rejecting them.

325 In the case of less than 10 persons consultation must begin at the earliest possible opportunity. In the case of more, the periods of consultation are the same as for notification to the Department of Employment.

(f) Canada

326 In Canada, as already mentioned, there are now five provinces in addition to the federal government that have introduced into law a distinction between individual and group dismissals. Although the purpose of distinguishing between individual and collective dismissals is the same, there are similarities and differences in the various statutes that relate to the definition of what constitutes a group dismissal as well as to the procedures which have to be followed in giving notice of termination of employment. The main provisions may be grouped under the following headings:

(i) Definition of Group Dismissals

327 In all six jurisdictions the period of extended notice is related to the number of employees involved. Also

the minimum period of notice for group dismissals is eight weeks (in Quebec two months) and the maximum period 16 weeks (in Quebec four months).

328 In Nova Scotia and Quebec the dismissal of 10 employees suffices as group dismissal, provided that it takes place simultaneously or within a limited period. This period in Nova Scotia is four weeks and in Quebec two months. In the remaining four jurisdictions the number of employees must be at least 50, and the period four weeks.

329 Ontario makes a further distinction in stipulating that where no more than 10 per cent of the persons employed in an establishment are to be dismissed over a period of four weeks, and these total 50 or more persons, the requirement for notice applies as it does in the case of individual dismissals, unless the termination is caused by the permanent discontinuation of all or part of the employer's business.

330 The federal Labour Code provides that supervisory and managerial personnel are to be included in calculating the number of persons whose employment is to be terminated.

331 Furthermore, in Nova Scotia and Quebec, the minimum notice of eight weeks for group dismissals applies if not more than 99 workers are involved, while under federal

jurisdiction a dismissal of up to 100 and in Newfoundland and Ontario up to 199 employees falls under the eight week rule. A period of 12 weeks applies under federal law and in Manitoba if 101 to 300 employees are involved, while in Newfoundland and Ontario the 12 week rule applies in the case of 200 to 499 employees.

332 The maximum period of 16 weeks' notice (Quebec four months) applies under federal law and that of Nova Scotia, Quebec and Manitoba if the number of dismissals exceeds 300. Newfoundland and Ontario prescribe it for 500 or more dismissals.

(ii) Employer Obligation to Notify Government Departments and Unions

333 The federal Labour Code, as well as the laws of Nova Scotia, Quebec, Ontario and Manitoba, require the employer in cases of group dismissals to give advance notice to the respective Ministers of Labour. For employees subject to the federal Labour Code, copies of the notification are to be sent to the CE & IC.

334 Typically the notification must provide detailed information on the name of the employer and, where applicable,

the union or unions acting as bargaining agent(s) for the employees, the location at which the dismissals are to take place, the nature of the industry and/or product, the reasons for the dismissals, the number of employees involved and the date at which the termination is to take effect. Quebec requires, though it seldom obtains, the full name of each of the employees.

(iii) Co-operation with Government

335 Federal law, Quebec, Ontario and Manitoba require employers and, if applicable, the unions concerned to supply whatever additional information may be requested and to co-operate with the Minister concerned in any action or program designed to facilitate the re-establishment in employment of the employees in question.

336 In Quebec, the legislation obliges the employer at the request of the Minister to participate in the establishment of a reclassification committee on which the certified union, or the employees if there is no union, has to be represented. It is the task of these committees to study and recommend practical measures for the re-establishment of the employees. The employer must contribute funds to the committee to the extent agreed on

by the parties. The Manpower Branch of the Quebec Department of Labour is responsible for the establishment and functioning of such committees. The parties may, with the Minister's consent and subject to the conditions laid down by him, establish a reclassification fund. If necessary several employers and several certified trade unions may establish a joint fund. In practice, this provision of the Act has been largely inoperative.

(iv) Exemptions

337 There are certain rules in all jurisdictions which exempt both individual and group dismissals from the notice requirements. The requirement is waived if the dismissal is for just cause or if it concerns persons employed for a definite period of time. Notice is further not required if the termination is the result of an industrial dispute (strike/lockout). Furthermore, the notice rules do not apply to persons who have reached the normal age of retirement. However, the general rule also prevails that wages and working conditions may not be altered during the period of notice without the consent of the person concerned. There are also rules of exemption more directly related to group dismissals. Nova Scotia, Quebec, Ontario and Manitoba

specifically exempt the construction industry. Quebec and Manitoba exclude seasonal industries and Quebec excludes work of an intermittent nature.

338 In more general terms federal law waives the notice obligation for an industrial establishment or a specific group of employers by ministerial order if the Minister of Labour is satisfied that the requirement would be unduly prejudicial to the interests of the employer or the operations of the establishment.

339 In Quebec, where a fortuitous or unforeseeable event prevents an employer from giving notice, he must inform the Minister as soon as possible and furnish proof that he was unable to comply with the law. The Minister will then determine, in consultation with the employer, the period of notice that must be given.

340 Manitoba law provides that persons discharged or laid off for any reason beyond the control of the employer are not entitled to notice if the employer has exercised due diligence to foresee and avoid the cause. This would apply for example in the case of destruction of plant or machinery, unavailability of materials, cancellation and lack of orders and actions by government authority.

3. Mitigation of Hardship and Alternative Employment -
United Kingdom and Western Europe

341 Programs and measures to assist those who ultimately lose their jobs comprise the next line of defence in the redundancies framework. These are normally associated with income maintenance provisions and efforts aimed at enhancing re-employment.

342 What emerges from the previous examination of the European policies and programs which intend to prevent or postpone redundancies is the clear distinction between an early warning system and notice of separation to which employees are entitled.

343 During the early warning period, the employer is obliged to follow prescribed procedures that are often lengthy and involved: on the one hand, notification of and authorization by the manpower authorities, and on the other, normally simultaneous consultation and negotiations with the representatives of the workers at the plant level and in some cases with the unions.

344 Given the time requirements in both instances, the "lead time" until the redundancies can take place may stretch over many months. Because of the variations in the interim

steps to be taken according to the nature of the redundancies and the characteristics of the employee groups affected, it is not possible to state in general terms any specific time span, but it may vary from a minimum of two to three months to six months or more. Thus, there is a considerable time to bring other policy instruments into play.

345 Apart from more general programs, such as emergency and other public works programs, maintenance of income schemes for temporary loss of employment such as unemployment insurance and assistance, an important role is played by manpower placement services in assisting job seekers to find new employment.

346 Some of the more specialized programs which come into effect once redundancies occur are listed below under the following headings: (a) severance pay and other compensation; (b) training and retraining; (c) mobility programs; and (d) early retirement.

(a) Severance Pay and other Compensation

347 A first distinction is between pay in lieu of notice and severance pay proper. Severance pay may be considered in two lights: in so far as severance pay is provided for in collective agreements, it can be considered as having been

agreed to as the result of bargaining trade-offs and thus as a delayed wage which forms part of the total wage and fringe benefit package agreed to by the employer. This is the case in Germany, the Netherlands and Sweden. But in so far as severance pay has become statutory, as in France and the United Kingdom, it can be said to be a recognition of the concept that an employee acquires during his time of service a "property" right to his job so that loss of the job entitles him to compensation in a way similar to cases of material and other losses.

348 Obviously in those countries where severance pay is provided by law, collective agreements may improve on the conditions or replace them with more favourable terms.

(i) France

349 In France, severance pay is known as "compensation on dismissal" and is provided for by ministerial decree. It is to be received by all employees with at least two years of continuous service with the same employer. The minimum is an amount equal to 10 hours' wages or one-twentieth of a month's salary calculated on the basis of the worker's annual earnings during the preceding three months.

It is paid directly by the employer. There is a further scheme concerning older workers, but it is a pre-retirement compensation so closely related to early retirement schemes that it will be referred to below under that subject.

(ii) Germany

350 German law makes no provision for statutory severance pay except in the case of compensation for unfair dismissal. Certain industry-wide agreements provide for cash payments in the case of dismissals for economic reasons, varying according to age and length of service. They begin normally with one month's wages at age 40 and 10 years' service and rise to six months' pay at age 60 and 25 years' service. It is more usual, however, to find severance pay referred to in the general "frame agreements" in connection with other forms of wage guarantees, while severance pay as such is negotiated at the plant level through the Works Council as part of the "social plans" referred to earlier. The amounts and conditions vary from firm to firm. However, as the negotiations on social plans are obligatory in the case of collective redundancies, severance pay normally will be included in these plans even if there is no provision by collective agreement on the "frame agreement".⁸⁾

351 There has been a trend in recent years of employers inducing employees to leave their employment "voluntarily" by providing separation pay considerably higher than that which would be obtained under a "social plan," the purpose being to avoid the cumbersome procedures involved in collective dismissals. This method is especially attractive to younger workers, since the voluntary redundancy payments are not necessarily related to length of service.

(iii) The Netherlands

352 The Netherlands, too, have no statutory separation pay schedules and it seems that at least until relatively recently there were few collective agreements with severance pay provisions. However, an employee may claim compensation if proof can be given that the period of notice does not entirely cover the damages suffered.

(iv) Sweden

353 Although there is no statutory obligation, severance pay is normally found in collective agreements. The large majority of Swedish employees are covered by central agreements between the Swedish Employers Federation (SAF) and the three national trade union centres. Such

agreements become collective agreements in the meaning of the law when ratified, sometimes with modification at the sectoral level. Following the passage of the new "Co-determination Act", the unions gave notice of termination of all central agreements reached since 1938, and they are being renegotiated under the terms of this Act. This seems not to affect the collective agreements proper.

354 Under the agreement between SAF and the Trade Union Federation (LO) a central fund was created in 1974 to which the individual member firms of the SAF contribute 0.1 per cent of their payroll annually. The fund is administered by a jointly created insurance institute. The purpose, however, is not to establish a general severance pay scheme but to help older workers with a long service record who have lost their employment through redundancies. The right to severance pay under this scheme lasts 5 years and the worker may, therefore, still claim payment from the fund if new employment comes to an end within that period.

355 A similar scheme is in operation for clerical and professional workers by agreement with the two main "white collar" federations. If a company retires an older employee eligible for severance pay under an early retirement scheme,

the company is entitled to a contribution from the fund corresponding to what the employee otherwise would have received as severance pay.

(v) United Kingdom

356 It is from the legislative history of the statutory severance pay provisions in the United Kingdom that the concept most clearly emerges which maintains that employment with a firm for a certain period of time establishes a "property right" to the job. As far as the statutory aspect is concerned, it is based in two Acts, the Redundancy Payments Act of 1965 and the Employment Protection Act of 1975.

357 The Redundancy Payments Act is a lengthy and complex piece of legislation, but the core of the Act is Section 26 which authorizes the establishment of a Redundancy Fund under the control and management of the Secretary of State for Employment, into which "there shall be paid all sums received by the Minister ... and out of which payments shall be made in accordance with the provisions of this Act." The administrative costs of the scheme are chargeable to the Fund, as are the costs of the insolvency provisions under the Employment Protection Act.

358 The Redundancy Fund is financed by employer contributions, and was originally intended to be self-sufficient. However, it has more often than not been in a deficit position, leading to borrowing from other social security funds and to a number of changes in the contribution schedule and rebate rates according to which the employers are compensated.

359 Employers are liable for the costs of the redundancy pay, but may recover a certain percentage from the Fund (as of August 1977, 41 per cent). However, where company redundancy pay may be more generous than that provided for by regulation, the employer may be exempted from liability for payments under the Act provided the application is made by both the employer and the union(s).

360 To qualify for statutory redundancy pay, an employee must have been separated for reasons of redundancy as defined by law. The minimum qualifying period is 104 weeks of continuous employment of 16 hours per week or more, or five years' service of 8 hours per week or more.

361 Redundancy pay is calculated according to a scale related to age and length of service: between 18 and 21 years, $\frac{1}{2}$ week's pay; between 22 and 40 years, one week's pay, and between 41 and 65 years one and a half weeks' pay, all for each completed year of service.

362 There are maxima both as to the reckonable number of service years and the amounts of weekly earnings to be taken into account. The redundancy pay is also reduced by 1/12 for each completed month for men from age 65 onward and women 59 years, and thus ceases at age 65 and 60 respectively.

363 The Redundancy Payments Act of 1965 dates from a period of high employment. The fact that it is so closely linked to length of service (minimum two years), and to a high degree to previous earnings, makes it more likely to benefit skilled and high wage earners than unskilled workers, the category of the labour force most affected in periods of high unemployment.

(b) Training and Retraining

364 Training and retraining programs for adults in all the countries under review have been one of the main instruments of "active manpower policies" for many years. Their original purpose was not so much to combat unemployment as to increase the supply of labour and, in particular, skilled labour.

365 It is, however, one of the characteristics of the present high unemployment in all countries that the groups most affected are unskilled and semi-skilled labour, whilst there are often important pockets of skilled labour shortages.

As there is in many industries a certain ratio between skilled and semi- or unskilled labour, shortages of skilled labour are themselves one of the contributing factors to the high unemployment of the unskilled. Thus training and retraining programs have not only retained their validity but increased their importance as well as being a useful instrument of manpower planning for a future upturn in the employment situation.

(i) France

366 Since the end of the Second World War, France has maintained a highly sophisticated national policy for adult training and retraining. The Act of 1971 brought a number of important innovations and regrouped and modified provisions already existing under previous Acts.

367 The 1970 Act provided for a rapid expansion of training facilities and was, as in many aspects of French manpower policies, based on a central agreement between the Employer Federations and the major trade union centres. A basic distinction is made between vocational training organized by the Association for Vocational Training of Adults, which administers (1976) about 150 training centres, and "continuing education" which is designed to enable workers to improve

their qualifications and status as a longer-range aim rather than as a measure of tempering the effects of unemployment.

368 The 1971 Act established a right to training leave for all employees, subject to certain basic conditions: absence on leave should not impede the efficient operation of the firm; the training course must be approved by the Minister of Labour and must not exceed one year full time or 1200 hours part-time. Provisions are also made for employees, subject to mutual agreement, to teach vocational training courses.

369 The Ministry pays a variety of allowances and grants to trainees in agreement with the employers and the unions. Allowances are granted in undertakings where retraining is necessary to avoid redundancies or facilitate redeployment. Allowances are paid to workers attending courses at the adult training centres. The amount of training grants is calculated so as to guarantee 80 per cent of the hourly wage received during the last three months of employment, excluding overtime, and can be raised under specific conditions to 90 per cent.

(ii) Germany

370 Germany has also long followed a policy of government encouragement of training and retraining of adults.

Furthermore, many collective agreements contain clauses referring to training and retraining with maintenance of prevailing wage levels, and all training costs are borne by the employer, whether the training takes place on the premises or outside.

371 The right to paid training leave is also well established, and laws providing for entitlement to such leave every two years have been passed by a number of provincial legislatures.

372 The Employment Promotion Act of 1969 provides for entitlement to financial assistance in relation to previous hourly pay and additional grants for dependants. The basic subsistence allowance for the first six months of training is 130 per cent of unemployment benefits, and increases to 140 per cent after six months.

373 The Federal Institute for Labour also provides for compensation of expenses relating to training attendance.

(iii) The Netherlands

374 The general system for training and retraining in the Netherlands involves both government and industry, and some programs are joint ventures. Adult education centres are publicly funded. Additional training arrangements are maintained by individual firms as well as by the Industry Boards.

375 Since 1974, in view of growing unemployment whilst certain industries lack skilled personnel, funds can be allocated for training purposes from the Unemployment Insurance and Assistance Funds. During periods of training, wage costs are covered from general revenues.

(iv) Sweden

376 The goal of the Swedish training and re-training programs is stated to be "to pave the way to a regular job for persons who are, or run the risk of becoming unemployed as well as to overcome shortages of skilled labour."

377 The costs of the training schemes are defrayed from a special fund administered by the Labour Market Board.

378 To qualify for "labour market training," a person must be either unemployed or likely to become so. Selection is the responsibility of the local manpower office.

379 Training allowances are paid to persons at least 20 years of age, though exceptions are made. For persons eligible for benefits under unemployment insurance, the training allowance is 11/12ths of the previous daily wages up to a maximum, plus incentive pay. For persons below 20 years it is, as a rule, lower.

380 Training courses are primarily undertaken by the National Education Board at the request of the Labour Market Board, which bases them on an overall plan for the direction, scale and location of the courses. This plan is elaborated annually in joint meetings between the Labour Market and Education Boards as well as representatives of the employer and union organizations.

(v) United Kingdom

381 Responsible for training programs of all kinds in the United Kingdom is the Training Services Agency (TSA), which operates under the Manpower Services Commission and the general authority of the Secretary of State for Employment.

382 The major TSA program for those made redundant or otherwise unemployed is the Training Opportunities Scheme (TOPS). This scheme offers training free of charge and will pay allowances to those who wish to improve their job prospects. Support can be made available for up to one year, and grants to individuals are scaled in such a way that they are financially more attractive than unemployment benefits.

(c) Geographic Mobility Programs

383 Despite the fact that most of the countries under review occupy a relatively small territory in comparison with

Canada and are densely populated, they also face regional disparities in employment. Even tiny Holland, the most populated country in Europe, has this characteristic. Geographic programs have for some time been part of the "active manpower policies."

(i) France

384 The National Employment Fund established in 1963 allows for transfer grants, including removal and re-settlement allowances. These vary according to distance, differentials in housing costs and family circumstances.

385 Originally, transfer grants were restricted to unemployed workers who had retrained and were leaving high unemployment areas for jobs in another area. Later this assistance was extended to workers in firms which, by agreement with the manpower authorities, were decentralizing into regions of high unemployment.

386 The National Employment Fund also provides for temporary regressive allowances to workers who have been subject to collective dismissals, though only under condition that the industry and/or area affected has been officially designated as being or in danger of becoming one of high unemployment, or that an agreement has been reached between

the National Employment Fund and the enterprises concerned.

387 A law passed in 1972 introduced grants for people under 26 years of age who are unable to find jobs within 30 km of their home.

(ii) Germany

388 The Federal Institute of Labour provides incentives to individual workers to move from high unemployment to low unemployment areas. These include travel and removal costs, separation allowances if a worker requires temporarily to maintain two homes, and assistance with travelling expenses for employment interviews.

(iii) The Netherlands

389 Persons who are forced to move to take up new employment are entitled to reimbursement for travel costs, board and lodging and removal expenses, and installation allowances. Provisions are also included in the unemployment insurance and assistance legislation for persons who accept new and less well-paid jobs in order to become employed. These benefits are calculated on the basis of their highest previous wage.

(iv) Sweden

390 In Sweden the program for geographic mobility of labour is directly related to the Regional Development Program through government assistance to individuals and to firms. Persons in high unemployment areas receive relocation assistance in the form of compensation for expenses.

391 The program for relocating firms to high unemployment areas include regional development grants, depreciation loans, loans for the construction or conversion of buildings, loan guarantees for investment capital, and reimbursement of removal costs. In the north of Sweden employment subsidies are available to industrial enterprises which increase their annual labour force from the previous year.

(v) United Kingdom

392 The Employment Services Agency (ESA) is responsible for three different assistance schemes to promote geographic mobility: the Employment Transfer Scheme, the Key Workers Scheme and the Nucleus Labour Force Scheme. The Transfer Scheme is designed for workers who are not likely to find suitable work in their own locality. The Key Workers

Scheme applies to key personnel in enterprises which are decentralizing with government assistance. The Nucleus Scheme applies to workers recruited by firms moving into areas of high unemployment and who are sent from these areas to the firm's headquarters for special training.

(d) Early Retirement Programs

393 During the long period of high employment following the postwar reconstruction period, the tendency in European manpower policies was to encourage older workers to remain in employment rather than to go into retirement, although fairly generous pension schemes became available for those who reached retirement age, normally age 65 and in some countries age 60 for women. Thus early retirement programs are still not a universal feature and are not over-generous where they are in existence. One of the reasons usually stated is that the age composition of the population is such that early retirement programs would still further burden the already high costs of public and private pension schemes.

(i) France

394 In France there is a "resource guarantee" benefit which is designed to supplement the unemployment

benefits of workers who for reasons of age find it difficult to obtain new employment. It applies to the age groups between 60 and 65. Although it is not an early retirement program in the strict sense, it does provide a certain minimum pre-pension. In addition, unemployed workers over 60 years of age may qualify for special allowances from the National Employment Fund. These are designed to provide an anticipated retirement pension. However, they are subject to specific conditions: underemployment in the sector and/or region, collective redundancies, and the existence of a "co-operation agreement" between the National Employment Fund and the employer effecting the dismissals.

(ii) Germany

395 Most workers and employees in Germany are subject to compulsory pension insurance through a wide network of medical insurance and semi-autonomous pension funds for different categories of workers. Retirement age of 65 for men and 60 for women applies to persons subject to compulsory membership for the preceding 20 years and no longer gainfully employed. The contribution period of 20 years is qualified by allowance for periods of unemployment, sickness, military service, etc. In addition, there are a large number

of employer based supplementary pension plans. Legislation dating from 1975 established rights to a proportion of the conventional pensions if a person concerned wishes to retire earlier. A number of "social plans" in the case of collective dismissals provide for early retirement usually after age 59.

(iii) Sweden

396 Provisions for early retirement and retention of pension rights are partly covered by legislation and partly by collective agreement. The public pension system is similar to that of Canada's insofar as there is a basic old age pension and a "supplementary", earning related, pension plan corresponding in principle to the Canada and Quebec Pension Plans. Both the public pensions include provisions for early retirement. Those over the age of 60 who have been drawing unemployment benefits for a maximum period and cannot find a suitable position are entitled to a national disability pension.

D. Current Canadian Programs

1. Programs of the Canada Employment and Immigration Commission

397 Following the renaming and reorganization of the Canada

Department of Manpower and Immigration in 1977, the purpose of which was to integrate the manpower and unemployment insurance service, the Canada Employment and Immigration Commission became the main agency at the federal level responsible for the development, supervision and administration of country-wide programs designed to assist in solving manpower problems.

398 However, the Commission is not responsible for enforcing the statutory provisions concerning notice of separation. Enforcement remains with the federal and provincial labour legislation authorities, each within its own field of jurisdiction; nor is the Commission empowered to authorize group dismissals such as is vested in the equivalent bodies in a number of European countries. The role of the Commission in the field of redundancy policies and problems is solely that of responding to requests for assistance. The fact that a number of provinces lack statutory provisions concerning termination of employment and in particular group dismissals, does not prevent the availability of the federal assistance programs. However, the obligation placed on the employer to notify the Ministers, normally concomitant with the notice obligation, has the effect of increasing the chances that requests for assistance will be forthcoming.

399 As were most component programs of the "active manpower policy" concept subscribed to by the member countries of the OECD, the CE & IC's programs are not designed specifically to treat group redundancies. Of these programs and services, those of particular relevance in meeting the challenge of redundancies and lay-offs are the Manpower Consultative Service, the network of Canada Manpower Centres, and the Training and Mobility Programs. The Canada Manpower Consultative Service is the spearhead of the CE & IC's efforts both to prevent lay-offs and to deal with their effects.

(a) Preventive Measures

(i) Canada Manpower Consultative Service

400 The Canada Manpower Consultative Service (MCS) is the most important assistance program for potential or actual group dismissals. The MCS program applies where there is an actual or anticipated situation of dislocation, be it through technological or other changes, temporary shutdowns, plant closures or long-term lay-off where the workforce is more than 20 persons.

401 Its main objective is to provide incentives for employers to co-operate with their employees in finding ways and means of adjusting to technological, economic or structural change.

Thus it seeks to encourage the development of private adjustment measures through labour-management consultation. Public assistance available from federal and provincial sources are supplementary to the efforts made by the parties themselves.

402 To this end the program envisages the formation of "joint adjustment committees" chaired by a person from the private sector who is independent from the employer and the union(s) which may be involved. It is the task of such an adjustment committee to reach a formal agreement signed on behalf of the employer and the union(s) or employee representatives on the one hand, and the Minister of Employment and Immigration on the other, by which the Commission normally pays up to 50 per cent of the costs incurred by the committee in studying and devising remedial action. Under special circumstances the Commission may bear the total cost, for example, in the case of non-profit organizations and bankruptcies. The costs may include research and planning, outside consultative services, salary of the chairman and compensation for loss of earnings of the employer and employee representatives while serving on the committee, as well as administrative and travelling expenses.

403 Once such an agreement has been reached, MCS officials act as advisors, administer the financial incentives of the

program and co-ordinate the application of other government programs. The employer must advance the full costs and is reimbursed up to the amount stated in the agreement. A contribution from the participating union(s) is encouraged.

404 A province may contribute a portion of the cost. This is the case in Quebec where the province pays $37\frac{1}{2}$ per cent of the total shareable cost in cases of group dismissals.

405 The program is entirely voluntary on the part of both the employers and employees. The MCS does, however, initiate contact for the purpose of offering service when it learns of actual or planned lay-offs.

406 Groups of employers acting jointly and employer associations also have access to the program. Occasionally adjustment committees have been established on a community basis and on an industry-wide basis.

407 The fact that management and labour act as equal partners in the consultative process has important industrial relations implications. MCS takes care to refrain from action that could be interpreted as interference in normal collective bargaining, and suspends discussions with the parties and activities of the joint adjustment committees during negotiations or during an industrial dispute.

(ii) Canada Manpower Industrial Training
Program

408 This program is one of the most frequently
employed by MCS, especially in instances where retraining
can be given to employees who would normally be laid off.

409 Beyond that, the program is designed to provide
suitable training to fill positions for which qualified
labour is not available, to participate in the support of
industrial development to various regions, to fill new
vacancies in a company's operations, and to provide jobs
for people who find it especially difficult to obtain and
hold permanent employment ("special needs" workers).

410 The training schemes come into operation by formal
agreement between an employer and the Employment and
Immigration Commission under which the employer may be re-
imbursed for direct training costs and the costs of trainees'
wages. These wages may be reimbursed up to 40 per cent of actual
wages for employees already working with the company, up to
60 per cent of actual wages for previously unemployed persons
hired specifically to obtain training and for workers whose
employment is threatened, and up to 85 per cent of wages for
"special needs" workers.

411 Eligible for these grants are all Canadian employers or employer associations whose operations are not primarily financed from public funds. To be considered for training under this program, a worker must be employed by the contracting company at the time training is to commence and likely to benefit from the training and related job experience in terms of increased employability and/or earning capacity. The trainee must be one year beyond the prescribed school-leaving age in the province where the training is to take place and may not be a member of the employer's immediate family.

412 It is the employer's responsibility to develop, in consultation with the union or employee representatives and provincial authorities, a training plan that will meet the company's needs and will increase the trainee's employability.

413 Through representation on the Federal-Provincial Manpower Needs Committees, each province shares the responsibility of determining priorities for employer-based training within its jurisdiction. These priorities establish for each area the occupational and industrial sectors in which training will be supported and the type of workers who are deemed to benefit from the program. It is also incumbent on

the provincial authorities to review course content, monitor the quality and technical aspects of the training activities, and assess their effectiveness.

(iii) Work Sharing Benefits

414 Work sharing benefit schemes are designed to apply in situations which normally would lead to a reduction in the workforce during a downturn in business activity but followed by new hirings when business improves, the idea being to reduce working hours temporarily for the entire workforce in a given enterprise or plant rather than let the burden of unemployment be carried by one particular group. Employees participating in the scheme are then partly compensated from public funds for lost earnings. Such schemes have in recent years found fairly wide acceptance in a number of countries, the temporary wage subsidies being financed either from general government revenue or from unemployment insurance funds.

(b) Alternate Employment (Mitigation) Efforts

(i) The Employment Service

415 As in other member countries of the OECD, the employment service is the foundation of Canada's active

manpower policy. A network of over 450 employment offices serves members of the labour force and employers on a free-access basis. Employment counselling and other services are occasionally brought to the workplace to facilitate the planning of workers who will be laid off in the near future.

(ii) Manpower Mobility Programs

416 The Manpower Mobility Incentive Program was specifically designed to be operated in conjunction with the MCS adjustment committees. In cases where, as a result of an adjustment committee's recommendations, employees are to be moved to another locality within the same firm, or an employer agrees to compensate workers in a single industry community for expenses to move to another locality for employment, the MCS may reimburse the employer for up to 50 per cent of actual costs.

417 The Canada Manpower Mobility Program is of a more general nature and is intended to assist underemployed, unemployed or about to become unemployed workers, especially those with family responsibilities, to travel to communities where they can find employment.

418 Five different types of mobility grants are available to individuals to exploit job opportunities outside the area of residence: to relocate the worker and family; to travel to temporary jobs; to travel to seasonal agricultural employment; to travel to training courses arranged through the Canada Manpower Centres; and to travel to obtain manpower services not available at the worker's residence.

(iii) The Emergency Response Feature of
Canada Works

419 Canada Works is a permanent and continuing part of a job creation strategy and permits funds to be directed to areas and population groups experiencing high unemployment. "Emergency Response" forms part of the Canada Works program available in situations where jobs are lost because of extraordinary circumstances such as natural disasters or the unexpected closing of a major establishment in a small community.

420 Procedures involve investigation by officials of the Commission, followed by consultation with the Interdepartmental Committee on Employment Development, as to whether a temporary job creation project would be an appropriate response. Six months is to be the maximum duration of an emergency response project.

421 Proposals are prepared by the Commission's regional personnel after consultation with the provincial or territorial authorities and then submitted to the Interdepartmental Committee. Final approval, including the amounts to be spent on a specific project, rests with the Minister of Employment and Immigration.

422 The Emergency Response Feature of Canada Works comes into operation only after the appropriateness of other federal or provincial government programs has been explored.

2. The Adjustment Assistance Benefit Program (AAB) of
 Labour Canada

423 The first AAB program was established in 1971 for the textile and clothing industry to assist workers laid off as a result of tariff reductions associated with the Kennedy Round under the General Agreement on Tariffs and Trade (GATT). The premise was that workers in the affected industries should not bear the costs of the necessary adjustments and therefore special assistance from public funds was justified. For that reason also Canada ratified an International Labour Organization convention establishing an obligation to provide manpower adjustment benefits in such situations.

424 Under the AAB program, a reduction in the workforce must be certified by the Textile and Clothing Board of the Department of Industry, Trade and Commerce as having resulted from one of the causes prescribed in the AAB regulations.

425 The emphasis of the program is on older workers with obsolete skills, low educational levels and therefore low employability. Accordingly, the AAB program is designed to guarantee such workers a basic level of income from the time their unemployment benefits expire until age 65, when social insurance and social security benefits become payable. However, these pre-retirement benefits are payable only where the redundancies are certified as having been caused by government trade policies affecting that particular industry.

426 Under the AAB program the termination of employment must, therefore, be certified by the Textile and Clothing Board of the Department of Industry, Trade and Commerce as having resulted from the causes prescribed in the AAB regulations.

427 To be eligible, certified workers must be between 54 and 65 years of age at the date of termination of employment and have had at least 10 years of employment in the industry within 15 years immediately before such termination. Each

worker must be certified by the Employment and Immigration Commission as having no present prospect of employment with or without further training or relocation assistance or as having accepted employment with earnings that are less than the average weekly insurable earnings immediately before dismissal.

428 The maximum pre-retirement benefit is equal to two-thirds of the average weekly insurable earnings in the 20 preceding weeks as defined by the Unemployment Insurance Act.

E. Summary and Conclusions

429 The preceding survey can be expected to do little more than highlight the pertinent features of redundancy management in approximately similar socio-economic systems. A more detailed analysis incorporating cost and effectiveness measures would be desirable, but beyond the resources of this Commission.

430 Statutory provisions for advance notice of group layoffs to government authorities and to employees exist in France (minimum 30 days), Germany (6 weeks renewable), the Netherlands (up to 6 weeks), Sweden (up to 6 months) and the U.K. (up to 90 days). In Canada, advance notice of up

to 16 weeks (varying with size of group) is required in five provinces and the federal jurisdiction. No such provisions appear in the U.S.

431 In France, the Netherlands and Germany, mass redundancies must be approved by the government before dismissals can be effected.

432 In all countries under review, except Canada and the United States, the law requires that employees (union or work council) be consulted.

433 Various public programs and practices are in place, all with the aim of either avoiding or reducing lay-offs or mitigating the effects of lay-offs when they occur.

434 Statutory severance pay is a significant public redundancy policy only in the United Kingdom, although France, Sweden and Canada (federal only) have nominal provisions.

In all countries except Canada and the United States, statutory provisions for early retirement contingencies either complement or replace severance pay.

435 In all the countries of Western Europe, including the United Kingdom, redundancy management is a more highly structured process than in Canada. The United States is notable for the almost total absence of public redundancy policy.

It is of significance that the basic differences in structure and process do not involve direct cost items.

436 Policy and programs aimed at avoidance of lay-offs or the mitigation of their hardships generally follow the OECD formula for an active manpower policy. Canada appears to compare unfavourably in the provision of early retirement contingency benefits, but in other respects Canada's manpower policy appears to the Commission to compare favourably.

437 The provisions of the Canada Labour Code concerning advance notice to government labour market authorities and to union(s) compares favourably, but there is no requirement in Canadian legislation for joint consultative or joint decision-making processes.

CHAPTER V - FOOTNOTES

- 1) Report of the Royal Commission on Corporate Concentration, Minister of Supply and Services Canada 1978, Catalogue No. Z1-1975/1. ISBN 0-660-01456-4; pp. 376-377.
- 2) 75/129/EEC: Commission directive of 17 February, 1975.
- 3) Mumford, Peter, "Redundancy and Security of Employment", Gower Press. p.17.
- 4) Mukherjee, Santosh, "Through No Fault of Their Own", MacDonald and Co. (Publishers), p. 15.
- 5) Ibid. p. 19.
- 6) Exceptions are New Brunswick and British Columbia.
- 7) Included are the federal, Newfoundland, Nova Scotia, Quebec, Ontario and Manitoba jurisdictions.
- 8) The German industrial relations system accommodates three types of agreement. The first two are wage agreements concluded for relatively short periods, and frame agreements dealing with working conditions, fringe benefits, etc., usually concluded for several years. Both types are negotiated at the sectoral-regional level and are collective agreements in the meaning of the law as concluded by unions and employers' associations. Finally, there are "enterprise agreements" under the Works Constitution Act which are negotiated at the plant level between the individual employers and the Works Councils.

CHAPTER VI

ASSESSMENT

438 In Chapter VI, the Commission seeks to focus the many expressions of views and related experiences concerning the treatment of redundancies on basic issues within the analytical framework of the discussion thus far.

A. An Analysis of What the Commission has Heard
and Seen with Judgements on the Opinions
Expressed to it

439 The following descriptions and analyses are the result of the Commission's discussions with parties of interest across Canada, as well as of a consideration of briefs. The Commission has been impressed by the pervasive feeling of frustration on the part of workers and their representatives who are knowledgeable in varying degree of seemingly more enlightened systems elsewhere, and the almost universal expression by employers in favour of the status quo and the need for greater job creation through stimulation of the economy. With notable exceptions, labour and management relationships are characterized by a divergence of goals, mistrust and hostility.

1. Fundamental Considerations

(a) Attitudes

440 A common complaint of labour unionists is that unions are considered only as adversaries in the market place, that they are tolerated but not accepted. While the Commission did not hear a common complaint from employers about their unions in specific terms, it was made clear that, for one reason or another, unions were acceptable as collective bargaining adversaries but not as partners.

441 Experience indicates that in order to realize a more positive relationship between the parties with respect to the collective bargaining process and other necessary inter-relationships requiring co-operation, a degree of experience, maturity and security is called for on the part of the respective representatives. Good faith must be assumed and the Commission has heard nothing to indicate otherwise.

442 In a few notable instances of what the Commission considers more mature industrial relationships, it is obvious that the parties are able to accept their adversarial roles in the collective bargaining process as a fact of their lives. Opposing viewpoints are reconciled by bargaining from positions of strength. This process does not inhibit or impede co-operative efforts toward common goals in other areas of joint interest.

443 It is essential to any process of co-operation involving consultation and planning toward redundancy adjustment that there should be trust. The matter is too vital to the well-being of the individual employees affected, as well as to the national economy, to allow the process to founder because of ignorance, immaturity, inexperience or insecurity.

(b) Causes

444 It was stated in Chapter IV that the Commission believes the issue raised by the Canadian Labour Congress (and others) concerning the perceived need for a national planning authority was beyond both its terms of reference and its resource capabilities. Nevertheless, the Commission has been impressed by the Congress's rationale and the factors that have combined to lead this important Canadian institution to conclude that significant changes to our basic socio-economic structures are necessary.

445 The CLC position derives from disappointment and frustration over the continuing failure of government policies to achieve satisfactory levels of employment. This position is reinforced at the firm level by the impotence of labour market policies and by allegedly inadequate labour legislation to cope with redundancies and lay-offs.

446 The Commission does not comment further on the subject of general employment policy.

447 The Commission heard many expressions of frustration on the part of trade-union representatives over their inability to come to grips with the problem of worker redundancies. This frustration, balanced as it is by an apparently adamant conviction on the part of employers generally, again with notable exceptions, that they should retain control over all aspects of redundancy management, furthers already prevalent feelings of antagonism and mistrust.

448 The conclusion of the Commission is that redundancy management at the enterprise level should go beyond currently oriented manpower policy and the collective bargaining process as we know it. Even given the apparent failure of both the collective bargaining system and labour market policy to accommodate the needs of a socially satisfactory and rational system of redundancy management, more positive attitudes would go a long way toward achieving this goal.

(c) Nature of the Cause

449 The Commission heard views to the effect that more advance notice, for example, might reasonably be given in instances of "internally generated decisions." In such "elective" type decisions the benefits derived by the company can conceivably be distributed in some

measure to both the affected and the unaffected employees. A major employers' association does not agree that dislocated employees should share in the benefits of change which caused their dislocation.

450 The Commission has given considerable attention to the usefulness of the distinction, for the purposes of managing redundancy, between decisions that are within the discretionary power of management and those that are not. We have concluded that the distinction is not useful. Theoretically one might distinguish between technological and other elective change, and non-elective change. But the theoretical distinctions hide many problems.

451 In the matter of technological change, which is a subject of regulation in the Canada Labour Code and is addressed in a number of collective agreements, it is conventionally regarded as an optional decision. To a marginal employer it may mean the difference between viability and bankruptcy. Technological change is generally regarded as a change of some magnitude; yet it may not be so. Elective change may be a result of reorganization. That in turn may be induced by technological change already in place or anticipated, but sufficiently removed as to be insulated from it in determining the cause of the redundancy. Much the same kind of troublesome subtleties can arise in seeking to distinguish between elective and non-elective change, and will confound joint consultation. The distinctions can become arbitrary and therefore not arbitrable. (See also comments in Chapter V.)

452 Furthermore, the Commission assumes that the parties will tend to consent more effectively as their relations improve and as the level of distrust diminishes. (Much more is said on joint consultation later.) For much the same reasons that the Commission rejects the present purposes the distinction between elective and non-elective change, it sees no advantage in adjusting the length of required notice of intent to make a change to the magnitude of the change. We recognize that the length of time needed for effective joint consultation can vary enormously from a maximum in certain cases of elective change measured in years to a minimum in certain cases of non-elective change measured in weeks or days or not at all (for example, natural disaster).

(d) Management Rights

453 Generally speaking the Commission encountered firm management views with respect to perceived rights and prerogatives. These views pervade management thinking about roles and responsibilities, with respect not only to themselves but also to labour unions, individual employees and governments.

454 In its most simplistic form the management rights argument as applied to redundancy management says that the employer's responsibility goes no further than operating his enterprise in the most efficient manner possible while complying with pertinent laws and the collective agreement, if any. Thus, if the union, if any, has been unable, or

unwilling, to bargain specific terms for hypothetical eventualities in its normal processes of collective bargaining, management reserves the right to manage the human resource aspects of a change as it deems proper, adhering only to provisions of the law with respect to advance notice and rates of severance pay. The exception in the federal jurisdiction is where the change is a "technological" change as defined by s. 149(1) of the Canada Labour Code, Part V.

455 Labour union representatives express the view that the management rights theory, unacceptable in its normal application to whether issues are or are not "bargainable", is damaging to the well-being of affected employees and, at the very least, detrimental to the proper functioning of the industrial relations system. The Commission heard that under current conditions in the federal jurisdiction employers introduced changes at will and disposed of their employees as they saw fit. In most cases, it was alleged, employers do not avail themselves of CE & IC adjustment programs and services on behalf of their redundant employees. Under these circumstances and under current law in the federal jurisdiction, the union is impotent.

456 This is a dark picture. Fortunately, it is not the most general experience, the actual experience being less clear cut. The fact remains, however, that in the absence of generally mature and positive relationships between the parties, there are no current means of ensuring that action

will be taken toward either avoiding lay-offs or reducing the hardships that derive from their occurrence.

457 Before leaving this important issue, it is necessary to clarify the question of the "change decision" itself.

Some confusion exists as to the extent to which labour unions desire to have a voice in the operation of the enterprise. The Commission explored this question exhaustively with labour union representatives and concludes that labour unions in Canada remain consistent in their views that they do not wish to assume a part of operational responsibilities of the enterprise. The decision to introduce a change is acknowledged as purely a management decision. However, the conditions under which the change is introduced is not so acknowledged: the employees and their labour union wish to be certain that the change is both desirable and necessary. Generally speaking, labour unions claim a right at least to "joint consultation" in circumstances of change - that is, with respect to the conditions of human resource management when a change has been decided upon.

458 Some union representatives would expand the definition of "technological" change in Part V of the Canada Labour Code to include all changes affecting conditions of work and thereby obtain the right to negotiate all changes. Where contracting parties include a technological change provision in their collective agreements as is currently provided

for in Part V, there may follow complaints as to whether particular changes fall within that definition and are thus subject to negotiation.

459 The Commission is of the opinion that the manner and timing of the introduction of a change likely to affect current conditions of work and/or subject certain employees to redundancy and possible lay-off should not be left solely to management's discretion. The Commission sees the participation of the labour union, with third party assistance if desired, as a positive step.

(e) Advance Notice

460 In defining the issue surrounding advance notice (Chapter IV), it was stated that in its most rudimentary form advance notice is simply communication of a decision. It was further stated

Effective advance notice provides a sufficient amount of time for action by the parties who, individually and collectively, have a role to play in the adjustment process.

461 Opinions expressed to the Commission generally supported the different perceptions of "sufficient" advance notice ranging from legal minima to a "no limit" concept based on the idea that there should be no lay-off until all affected employees have been satisfactorily re-employed, or retired.

In fact some companies in Canada provide a "no lay-off" guarantee for reasons of technological change.

462 Employers generally cautioned against too much advance notice in situations of both elective and non-elective change, saying that the efficiency and financial well-being of the enterprise might suffer. Employers expressed the view that a management decision should be implemented as quickly and decisively as possible. Employers agreed that there is justification for different lengths of advance notice depending on the nature of the change, numbers and personal characteristics of those affected, the location of the workplace and other factors.

463 Labour union representatives generally expressed opinions in favour of advance notice sufficient to develop comprehensive adjustment plans as well as time for employees to qualify for any new positions.

464 At least one provincial government at the time of the Commission's hearings was studying the question whether there should be a legal requirement for a period of "intent" to give notice. The purpose of this requirement would be to provide a period of planning and adjustment prior to any employee being served notice of lay-off.

465 The Commission agrees that the purpose of advance notice is not simply to allow a period of time sufficient to attempt to locate alternate employment for employees who have received lay-off notices. It is essential to

any socially responsible and rational process of human resource management that there should be sufficient time and effort to carry out a program aimed at avoiding or reducing lay-offs arising from redundancies.

466 Given variations in employability of persons in group lay-offs due to personal characteristics, location, industry, state of the labour market, and so on, it is obvious that established statutory requirements for advance notice are arbitrary and unrelated to the unpredictable degree of difficulty that will be experienced in finding alternate employment. The Commission believes, therefore, that the statutory requirements for advance notice of group lay-offs should be relaxed, but that there must be a requirement for notice of intent following which joint consultation, research and adjustment planning would take place.

(f) Joint Consultation

467 One of the most complex issues which the Commission encountered is that of joint consultation. It is a term of many different interpretations and misunderstandings chiefly, we suspect, because it describes a process essentially without structure.

468 As was stated in Chapter IV, consultation does not mean consensus; but consultation, if it is effective, may lead to consensus even in a unilateral decision-making

process. Joint consultation can take place at the decision stage of the change process and/or at the adjustment planning stage.

469 In its most mature and effective form, joint consultation is a co-operative consideration of a common problem requiring common effort. The process should not threaten either party's "rights" (that issue should not arise) and consensus should result more often than not. It is a process based on the recognition of responsibilities by all parties and a willingness to assume those responsibilities. It is not an adversary process.

470 There is no common or shared experience or view on the part of employers with whom the Commission discussed this subject. Several major employers have established standing joint consultative committees allowing for discussion of a variety of human resource related topics on a regular basis. Continuous joint manpower planning is an important subject of concern. Even in these more mature relationships, however, employers are adamant with respect to the absolute requirement that the decision to introduce a change should rest with management. At the same time, these employers acknowledge the value of the union's contribution to the decision making process by means of joint consultation. Cases were described to the Commission where employers had significantly altered preliminary decisions as the result of consultation with their union(s).

471 On the other hand, some employers objected to what was considered a further restriction on management's need for flexibility and quick action. Problems were anticipated in introducing time-consuming "negotiations" in the vital decision-making process. Smaller companies in particular could not absorb the costs often generated by delay.

472 Labour union representatives in general disagreed as to the specifics of the processes they demanded. Distilled to its essence, labour unions generally want "a voice" in the decision as well as in the adjustment planning. While they are not demanding control of decision-making, they are insisting on the opportunity to influence management's final decision as to whether there should be a particular change. The next stage - the adjustment planning and implementation stage - is where the labour unions insist on more than an opportunity to influence. They want "agreement."

473 Agreement can derive from either a trading-off process based on strength (negotiation) or from "effective" joint consultation. With respect to the decision to introduce a change, the Commission agrees that this essential management responsibility does not lend itself to shared responsibility. There are, however, sufficient examples of benefits to be derived by all parties to the enterprise through joint consultation about the decision to persuade the Commission that consultation is, in most circumstances, a

proper and productive course of action at this first stage. The Commission is further of the opinion that if effective joint consultation is proper and productive in particular circumstances, it can be even more so if carried on as a continuing dialogue on manpower matters at appropriate levels throughout the enterprise.

474 The next stages of the overall adjustment planning process involves avoiding or limiting lay-offs, and mitigating potential hardships when lay-offs occur. The Commission agrees that the employees' representatives have a valuable contribution to make, just as in the process of decision making. In the adjustment stage, however, the labour union as the representative of the employees has a clear and direct responsibility to act on behalf of the employees. The Commission agrees, that the terms and conditions under which change is introduced by management that might affect employees should be subject to prior joint consultation. Furthermore, consultative procedures should be codified in law.

475 The Commission is persuaded that even in situations where collective bargaining prevails, a requirement for joint consultation would be a more effective way of handling particular change-redundancy situations. It has been stated earlier that, in the Commission's opinion, neither the adjustment process designed for general application,

nor the terms of adjustment in particular cases, lend themselves to a bargaining or trading-off process. Redundancy management is a distinct process requiring special treatment in law and practice. Collective bargaining at best would result in more uneven treatment of redundant employees.

(g) Third Party Assistance

476 Generally speaking, employers prefer government intervention to be minimal or non-existent and government services to be passive but available. Within this generality employers' views and opinions vary with time and circumstances. Labour unions generally believe that there is insufficient government regulation of employers' labour standards and would like to see more control over employers' redundancy management activities.

477 The Commission envisages that the federal government's role in joint consultation would be restricted at least in the first instance to the provision of MCS services at the request of either party. Ancillary to the adjustment process, and the direct third party assistance of the MCS, would be assured services of training, mobility and placement activated by the co-ordinating activities of the MCS.

478 The Commission has also given (lengthy) consideration to the management of impasse in joint consultation, particularly to the question whether binding arbitration should be prescribed for the terminal stage. We do not favour the formal imposition of arbitration as a matter of course. One consideration is the practical matter of the supply of arbitrators with the desired knowledge and experience. Another, more philosophical, consideration is that the Commission urges the adoption of joint consultation as a matter of course, involving a substantial modification of attitudes on the part of both management and labour and a weaning away, for purposes of joint consultation, from the adversarial nature of collective bargaining. This new character of responsibility and the fullness of its nature, ought not to be impaired by spelling out as a matter of policy a formal mechanism for shifting responsibility to a third party. Both unions and employers decry interventionism; but they also know how to seek to use the mechanisms of intervention to their advantage.

479 Nevertheless, at the point of impasse insoluble by the parties, they should not as a matter of public policy be left to go their separate ways. A range of mechanisms for breaking the deadlock should be recognized. Voluntary arbitration is always an option. Ministerial intercession can never be ruled out: it

workforce, and actions producing redundancy carry with them special problems for the older worker. might lead to personal intervention, special mediation or some other form of pressure on the parties to dismantle the barriers to settlement. Further, the parties should be free to consider other ad hoc means of resolving impasses; there are processes within the industrial relations system, of which the parties are well aware, to countervail against bad judgment.

2. Avoiding and Limiting Lay-Offs

(a) Manpower Planning

480 Manpower planning at the level of the enterprise consists of the most effective development and utilization of available human resources by anticipating changing skill and workforce requirements balanced against normal rates of attrition. Depending on the size of the workforce, measures are required to facilitate and stimulate the adaption of individuals to the changing pattern of skill requirements. The Commission is convinced of the general benefit to the enterprise of comprehensive manpower planning, particularly in circumstances of change.

481 Manpower adjustment planning in circumstances of change has as its objective the most effective utilization of the existing workforce with a minimum number of lay-offs of redundant workers: in other words, the application of various available measures (or "choices") aimed at employment maintenance when redundancy threatens lay-offs.

482 The Commission encountered some notable examples of manpower planning in some of the larger companies under federal jurisdiction, but as a general rule this activity does not enjoy high priority in Canadian industry. The Commission heard of cases where the federal Manpower Consultative Service had facilitated manpower planning exercises in whole regional industries involving many small firms, but for reasons unknown no follow-up action was taken.

(b) Attrition

483 Attrition, that is, the normal volume of departures from employment including quits, dismissals for cause, retirements, disability and death, along with restricted hiring activity, is a highly effective way of reducing the workforce in most redundancy situations, particularly with respect to lesser skilled personnel. Nevertheless, attrition has a wide range of effectiveness. Some industries have a high rate of turnover. Employees in some industries - and we noticed this particularly in the mining industry in the North - are highly mobile, and if they are terminated, skilled employees find ready employment and unskilled employees migrate south to become a provincial unemployment problem. Some industries have a low turnover, and attrition may be an unacceptably slow adjustment mechanism. In some industries low turnover leads to an ageing

484 Approximately 3.9 million paid workers, or 46 per cent of paid workers in Canada, were covered by private pension plans in 1976.¹⁾ Nearly all private plans provide for early retirement on a reduced pension, exclusive of those plans that limit early retirement to cases of disability.

485 Early retirement provisions generally establish conditions which employees must meet before they become eligible. The most common condition is a combination of age and years of service with the attainment of a minimum age (e.g. 55 years) and length of continuous service. Benefits provided on early retirement are generally the pension earned up to the date of retirement reduced in accordance with a formula specified in the plan. In 1976, over 85 per cent of all plans, covering some 45 per cent of total membership, provided for the accrued pension to be actuarially reduced. In nearly all of the remaining plans the reduction was specified as a percentage for each month or year that early retirement preceded the normal retirement date. A reduction of half of one per cent per month was the most common formula.

486 The Commission is aware of the federal Task Force on Retirement Income Policy, soon to make its report to Cabinet, and also of the Ontario Royal Commission on Pensions whose report is scheduled for March 31st, 1979. It is hoped that these studies will treat the problem of redundant older workers and examine provisions for early

retirement to be found in every other country under review, including the United States. The Commission is aware, too, of consideration being given to expanding the terms and scope of the Adjustment Assistance Benefit Program to guarantee basic income levels to redundant older workers in specific industries or product lines affected by international trade developments. It is hoped that more equitable procedures can be developed for providing adequate supplementary income benefits to older employees who are laid off short of normal retirement age. The Commission has no hesitation in saying that if early retirement is the result of a change intended to benefit the company,, the company should bear the greater part of the cost of supplementing the early retiree's income.

(c) Training and Retraining

487 The Commission encountered general dissatisfaction over training as an adjustment measure. No doubt some companies are practising effective employee development and training programs, but the role of training in the change process is not well developed.

488 Some labour union representatives expressed the view that training programs were occasionally used to "filter out" employees whom the company did not consider satisfactory for reasons other than those purely job-related. The Commission is unable to verify this contention.

(d) Internal Company Re-location

489 The Commission was told of some instances of companies' making efforts to relocate redundant employees in others of its operations. This is adjustment action to which the Commission fully subscribes. It may present a problem of seniority, but experience has demonstrated that such problems can be resolved.

3. Mitigating Hardships when Redundancy Results in Lay-off

490 The first and only valid objective of adjustment in cases of redundancy lay-off is re-employment. The sooner alternative employment is found the better.

(a) Employment Finding

491 Local Canada Manpower Centres respond to requests by employers to assist in redundancy situations. They will organize a team of counsellors on site and will provide counselling and placement services. Unfortunately, employers and labour union representatives do not seem to have confidence in the employment finding capabilities of the centres.

492 The most successful employment finding methods encountered by the Commission have been those involving the employer himself. Occasionally the employer, acting on his own initiative or as a member of the adjustment team, will approach other employers in his own industry or

locality. A structured variation of this procedure is the preferential hiring practice found in some industry-wide collective agreements.

493 In the Commission's opinion, employer participation in the employment finding activity of the adjustment process is essential.

(b) Institutional Training

494 There was dissatisfaction over the federally financed Canada Manpower Training Program (see Section B following), and general complaints with respect to what might be described as a lack of direction in training. In the case of one major closure involving a forest product mill where approximately 275 persons were laid off, training was rejected as an adjustment measure because the parties were not persuaded that this was a path toward re-employment. Too often, the Commission was told, there were no training spaces available.

(c) Severance Pay

495 Severance pay, as it appears in collective agreements resulting from collective bargaining, is a form of deferred earnings, because it is the result of past trading off of other bargaining points in negotiations.

Statutory severance pay, as it appears in the Canada Labour Code, represents assumed value inherent in the job, or "proprietary job rights." The rates of the statutory severance pay are only nominal. No other jurisdiction in Canada has legislated severance pay.

496 The Commission has concluded that, in Canada, the concept of proprietary job rights is not strong. Comments had more to do with whether severance pay was of value in controlling an orderly schedule of lay-offs, and whether it was primarily geared toward benefitting disabled or retiring employees. The Commission suspects that severance pay has often been made a union demand in the absence of any other available redundancy measure.

497 It is the Commission's opinion that severance pay may be a valuable incentive to control the lay-off schedule, but that it should not be relied upon as a general adjustment measure. The objective of redundancy management should first of all be employment retention and, if that is impossible, re-employment elsewhere.

498 Special comment should be made here respecting the relationship between severance pay and enforced early retirement. As noted above, severance pay is a form of deferred earnings. It is also a cushion for a short period against the hardships of severance. In the view of the Commission serious attention should be given also

to adapting the concept of severance pay to relieving the financial hardship on early retirees who, under prevailing terms, are condemned to poverty at a time in their lives when they are least able to adjust to it and are confronted with assuming a dependent status which they thought they had left behind them a working life span ago.

(d) The Older Worker

499 The comments in the preceding section respecting the integration of the concept of severance pay with the needs of the older worker levered into early retirement, relate only to a facet of the question of special protection to the older worker in the context of redundancy.

500 It is widely recognized that the older worker tends to be immobile. He has roots in the community which cannot be severed except at cruel cost. (He may even have selected his burial plot and paid his dues to his fraternal society accordingly; and he may have become "institutionalized" within his community in myriad other ways.) He is not easily amenable to retraining and relocation and, even if he were, others might balk at the investment involved. In the Commission's opinion, the older worker ought to be protected in available jobs - that he have first rights to available jobs and that the policy of seniority defer in this respect to the recognition of society's obligation to give special employment protection to the worker whose working years are approaching an end.

(e) Mobility

501 The Commission encountered predictable views with respect to mobility. Employers generally criticized unemployment insurance as being a disincentive to mobility and lamented the perceived lack of initiative on the part of many persons in their individual job searches. Labour union representatives pointed out that other than income-consumption factors were involved and that lower income earners assumed much more personal risk in moving than did higher income earners. It was pointed out, too, that age was an important mobility factor.

502 The Commission is not persuaded that current rates and duration of unemployment insurance are a significant disincentive to mobility, particularly with respect to skilled workers. Cultural and sociological factors describe much stronger reasons for either the conscious decision not to relocate, or the inertia which holds some workers in place even in the face of reduced levels of income and consumption.

503 In the final analysis, it is the individual's desire to improve his position that stimulates the move. The perceived benefits must be seen to exceed perceived costs. The Commission believes that much more can be done to enhance these individual perceptions and so make mobility a more acceptable adjustment tool.

504 In this section the Commission has been considering employee mobility as one of the most significant mechanisms available to the employee who is motivated by self-help, an ancient and modern virtue. Yet a major obstacle to mobility is to be found in the very systems within which most employees are obliged to make their way. It is the lack of portability of pension plans.

505 The Commission again refers to the Federal Task Force on Retirement Incomes Policy and the Ontario Royal Commission on Pensions in the hope that their forthcoming reports may produce worthwhile public policy recommendations and decisions in this regard.

4. Matters for Special Consideration

506 Following are comments on certain matters brought to the attention of the Commission which bear special consideration.

(a) Redundancy Commission

507 The idea of a permanent redundancy commission to provide direction to the parties in contentious situations, and with authority to command public adjustment resources (training, mobility, employment services, and so on), has been put forward to the Commission in one form or another. The idea originates in the frustrations of labour representatives over their inability to come to grips with

problems of managing redundancy, and the dissatisfaction of employers and unions with the administration of training programs in situations of redundancy. Also, it is contended that the Manpower Consultative Service would be more effective if it were separated from its large parent (CE & IC).

508 This latter suggestion has certain attractions. It would emphasize the unique character of the redundancy management process, distinct from both collective bargaining and general manpower policy; it would ensure the availability of resources without bureaucratic impediment; and it would allow to develop a whole body of expertise with trained professionals on hand.

509 Nevertheless, the Commission resists the temptation to establish yet another permanent bureaucracy. It is believed that public adjustment policy objectives can be achieved by other less costly means.

(b) Industry-Wide Redundancy Fund

510 It has been suggested that, in certain industries at least, an industry-wide fund should be established to ease the hardship on those experiencing redundancy and lay-off. Presumably, this fund would enhance existing income maintenance programs - e.g., unemployment insurance.

511 The Commission has no objection in principle to supplementary unemployment benefit plans: however, it firmly believes that the primary effort should be toward finding alternate employment. The effort required to establish and administer an industry fund might be directed more beneficially to the establishment of a permanent joint industry-wide manpower committee on the program of which might be a supplementary unemployment benefit plan. (See below.)

(c) Joint Industry-wide Manpower Committee

512 The Commission has been impressed by the experience of manpower adjustment when carried out at the industry level. Manpower planning, including manpower adjustment, is more effectively executed at that level or organization, except when an entire industry is in economic difficulty.

513 In the opinion of the Commission, firm public initiatives should be taken to encourage and facilitate the development of permanent joint industry manpower committees under the auspices of the Canada Manpower Consultative Service. The MCS regulations should be amended to provide for sharing the costs of permanent chair/research persons.

(d) Code of Good Practice

514 The Commission's terms of reference required it, inter alia, to examine "the possibility of developing a code of good practice with respect to redundancies and lay-offs." It was the unanimous view of the labour representatives with whom the Commission discussed the subject, as well as that of many employers, that a code that was not backed by law would not be effective. It was believed that, given the uneven state of labour-management relations throughout the federal jurisdiction, a code would have little or no influence in changing practices or attitudes.

515 The Commission agrees that there is little that a code of behaviour can contribute to redundancy management in Canada in 1979. In arriving at this conclusion the Commission is in general agreement with conclusions of the Royal Commission on Corporate Concentration (cited earlier) at page 385-387:

We can see little reason to encourage the idea that codes of behavior will contribute positively to corporate social responsibility. Our pessimism derives partly from how we see the nature of social responsibility and partly from the limitations inherent in behavioral codes generally.

For the reasons we have tried to explain above, the most we should realistically expect corporate social responsibility to mean is that corporations will consider the social as well as the economic consequences of their decisions. If they do this, the decisions they make will result in a balance of economic and social benefits and costs. A code of behavior in general terms is of little use as a guide to specific decisions.

To be useful, a statement would have to go much further and spell out exactly how and to what extent this or that social consequence would influence every conceivable business decision. This kind of prediction and prescription is impossible. A corporation cannot predict in advance how it will weigh different economic factors against one other, let alone how it would treat the host of social consequences that might also be involved in the decision. It should be remembered that a business decision is never a contest between economic benefits and costs on the one hand and social ones on the other. The economic factors, especially the short-run and long-term ones, will often pull in different directions, and the social consequences will be even more difficult to identify and evaluate

These considerations compel us to doubt the utility of any kind of code of ethical behavior for business or corporations and, in particular, to discourage the idea that they can contribute in any important way to social responsibility.

516 An almost universally negative reaction greeted the Minister of Labour's proposal for a "Code of Good Industrial Relations Practices" introduced as part of the "14 Point Program" in 1978.

(e) Mandatory Employer Responsibility
in Employment Finding

517 Several cases were cited to the Commission where employers, one way or another, participated in the search for alternate employment opportunities on behalf of employees who were being laid-off. It is a conclusion of the Commission that where employers so participate, the success rate is relatively high.

518 Experienced observers believe that manpower adjustment in industry can be more effectively carried out by management, or by management in consultation with the union. Only they exercise the decision-making power to effect individual adjustments and assignments. This may be said to be the case in all situations of industrial change, regardless of the cause to which the change can be related (technological change, market conditions, managerial competence and so on). The present situation leaves owners and managers of firms relatively free to make changes in equipment, procedures and products and, in fact, to close or move the enterprise as they see fit.

519 It has been suggested by an experienced practitioner that a measure that would make an effective contribution to the improved management of human resources is one that would enlist the skills and authorities of the various parties. Objectives of management are almost exclusively directed toward the making of a profit for the enterprise or the reduction of business losses. Management skills are most effectively utilized when directed toward these objectives. Thus it is advanced that the only effective type of assistance which can be provided to displaced persons is one which can enlist management skills.

520 It is possible to suggest a system which would require that where a worker's job has been eliminated and he is being put out of work for no reason of his own, the employer whose decision it was to eliminate the job should have the responsibility of assisting the worker to adjust into other employment, and that until this is done, the employer would be required to continue to pay the worker his previous wages from the effective date of lay-off. The employer's responsibility for this type of assistance would expire at the end of one year from the date of the permanent lay-off or when the employer, the union and/or the government, either singly or jointly through a program of manpower adjustment, were able to relocate the individual in suitable employment, whichever is the lesser period. Thus, the responsibility of the employer would only be satisfied when the worker had been re-employed, or when it could be shown that the worker was refusing to co-operate, or at the end of one year, whichever was the shorter period. Workers would, in effect, be kept on the payroll until placed in another job. Management thus would have a strong incentive to assist in the adjustment of displaced workers while the workers and the economy would benefit from the enthusiastic application of management skills. Those displaced by technology would receive some of its benefits.

521 The Commission agrees with the principle of employer participation in the job finding activity and is attracted to a proposition whereby the employer's responsibility would be clearly articulated and required. Nevertheless, the Commission concludes that the proposition is not administratively feasible in present circumstances.

522 Integrating the plan with the already complex unemployment insurance program, defining the terms and conditions of qualifying lay-offs, defining excluded circumstances (e.g. acts of God) and industries (e.g. construction), the test of "satisfactory" job search and "suitable" job offer, the policing and regulation of the plan, etc., all present formidable problems for the program designer/administrator, not to mention the employer.²⁾

(f) The Railway Industry³⁾

523 It is not surprising that most of the problems associated with the management of human resources in circumstances of change have been and are being experienced in the railway industry. The Commission received representations from railway industry employees in centres from coast to coast and from the major companies. Much of the information provided originates with the relationship between Canadian National Railways and the Canadian Brotherhood of Railway Transport and General Workers Union.

524 The Commission has reviewed the evolution of the way in which "change" has been considered in the railway industry, beginning with the Report of the Honourable Mr. Justice Samuel Freedman (1965), through the development of the "Job Security Agreement " and other consultative mechanisms, revisions to the Canada Labour Code, and finally the "Special Agreement" developed to provide conditions and benefits to employees adversely affected by the formation of VIA Rail Canada.

525 It is not within the Commission's mandate to make specific observations or recommendations with respect to particular industries: however, where circumstances appear to relate to principles or practices of more general application it is considered that to do so would be of potential value to all interested parties.

526 Mr. Justice Freedman recommended, inter alia, that with respect to the railway industry technological change should be negotiated, but in the course of these negotiations either party should have the right to refer to an arbitrator the question whether the proposed change falls in the category of materially altering working conditions or not. If the arbitrator should conclude that it is in the latter class, the company would at once be entitled to implement the change. If on the other hand the arbitrator should decide that the impact of the suggested change would cause a material change in working conditions, the company would be obliged to

withdraw its plan until the next open period of the contract. At that open period negotiations could proceed subject to the legally available sanction of the strike and lockout.

In 1968, the Woods Task Force (pp. 194-195) commented:

675. The Freedman report would protect an employer, during the life of a collective agreement, in his existing right to make changes whose consequences for the employees were minor. If however, these consequences were major, a distinction which would be subject to arbitration, the employer would be required to negotiate with the union. Should agreement not be reached, the employer would be forbidden to make the changes until the contract expired and the union had regained the right to strike.

We have serious doubts about the value of the general application of the Freedman formula. From the point of view of the individual workman, it makes no difference whether he is in a large company of fellow workers similarly separated from employment. Thus the arbitrator attempting to distinguish between minor and major changes under the Freedman formula would be placed in a difficult position since he would be attempting to dispense justice without standards to guide him. More serious, the uncertainties created for management would, we believe, impose a barrier to efficient performance of their essential innovating role in the economic system.

527 Section B (below) discusses the current provisions of the Canada Labour Code Part V as they relate to "change" and as they are applied to the railway industry.

528 Advance notice of six months in cases of elective change and lesser times in cases of non-elective change appear in the railway collective agreements, as do provisions for joint consultation and third party assistance. The "Job Security Agreement" originated with the recommendation of a Board of Conciliation under the chairmanship of Mr. Justice F. Craig Munroe (1962), and has evolved into a comprehensive program whereby benefits are extended to cover all technological and organizational change.

529 The emphasis of the Job Security Agreement has been on redundancy payments and, to a lesser extent, on internal employment mobility. Considering a total workforce reduction of 42 per cent between 1956 and 1976, this fact is not surprising.

530 The core of the unions' complaints heard by the Commission, much of them of regional concern, related to three issues: (1) the alleged absence of effective joint consultation with respect to the change decision - it is contended that the unions are not invited to express their members' views or otherwise to contribute to the decision-making process; (2) the alleged absence of effective joint consultation toward the avoidance or reduction of redundancies in continuing and rapid changes of various kinds; and (3) the alleged absence of genuine employment security - i.e., a comprehensive employment and income security program.

531 We also heard from the representatives of the employers, but we are not in a position to pass judgment on the positions of the parties of interest.

532 In the absence of effective joint consultation at appropriate levels in the industry, the unions demand the right to negotiate any and all changes. The unions would enlarge the definition of technological change under the Canada Labour Code.

533 The Commission is aware of the extensive and profound changes taking place and planned in the railway industry. The size and complexity of management's job is impressive. Nevertheless, the Commission is sympathetic to the employees' desire at all levels for more effective joint consultation. Both companies and unions displayed lack of knowledge about federal government services such as the Manpower Consultative Service and the Manpower Training Program. It is probable that the parties would benefit from third party assistance in their consultative endeavours.

534 The Special Agreement (VIA Rail) is of interest because the Government of Canada has agreed to reimburse the railway companies for extraordinary costs associated with providing terms, conditions and benefits for employees adversely affected, intended by the Railway Passenger Services Adjustment Assistance Regulations.

535 Recommendations concerning the three issues raised by the railway unions are found elsewhere in this report and pertain equally to all industries under federal jurisdiction. The Commission's conclusion that any and all changes likely to affect employees should be subject to a required joint consultative process at appropriate levels of the organization has particular application to the railway industry.

B. An Assessment of the Effectiveness of Federal
Legislative, Regulatory and Program Measures
Designed to Assist in Lay-Off Situations

1. Labour Market Programs

536 Canada's "active manpower policy evolved during the 1960s and 70s in response to severe structural problems in the national labour market; according to the OECD formula the core of the policy consisted of an employment service, and training and mobility programs. Later, direct job creation programs were developed primarily to accommodate growing numbers of new youth entrants to the labour market. A national unemployment insurance program supports the manpower policy, as does the immigration program.

537 Two programs in particular are aimed at avoiding or reducing lay-offs due to redundancy. These are the Manpower Consultative Service and the Industrial Training Program of the overall Canada Manpower Training Program. The emergency Response Feature of Canada Works and the experimental Work Sharing Program are of lesser importance to date as public employment maintenance measures.

538 The Commission took advantage of the courtesy extended by the Canada Employment and Immigration Commission and interviewed several of its operations and program officers.

539 Labour and management representatives had varied comments to make with respect to their assessment of the value of the MCS and its programs. It is generally agreed that the success or failure of a joint research and planning committee established under the auspices of the MCS depends significantly on the calibre of the independent chairman retained by the parties for that purpose.

540 Cases were cited to the Commission where the offer of facilitating and co-ordinating services of the MCS had been refused by managements. The Commission notes that under Quebec law the Minister of Labour and Manpower has the authority to require the establishment of a joint consultative committee

in particular cases. The Commission is of the view that a strengthened MCS can be a positive influence in any situation of change involving potential redundancies, and favours making such services available and mandatory at the request of either party.

541 As to the special mobility incentive program administered by the MCS, the Commission encountered no comments. Only 33 of 339 MCS agreements signed in 1977-78 involved the mobility incentive program. The Commission understands that consideration is being given to integrating this program with the much larger Canada Manpower Mobility Program.

542 Cases were cited where a sound adjustment planning process foundered because industrial training resources were either unavailable or were so emmeshed in bureaucratic processes, often involving both federal and provincial governments, that time simply ran out. The Commission is convinced of the necessity to allow the MCS to control necessary adjustment resources unencumbered by the normal dictates of organizational and financial administration.

543 The Commission is concerned about the lack of data in the matter of redundancies and lay-offs. While five of the eleven jurisdictions, including the federal jurisdiction, require advance notice, many lay-offs go unreported and uncounted. There are no formal statistical arrangements between the federal and provincial governments to share information on lay-offs obtained in their respective jurisdictions.

544 While informal arrangements between provincial and federal officers exist in some provinces to alert the federal adjustment agency (MCS), there is no assurance beyond the statutory advance notice requirement that a redundancy or lay-off situation is developing in a particular company.

545 While the subject does not come within the mandate of the Commission, we are of the view that, for both statistical and early warning reasons, and on the basis of shared responsibilities, all employers, in both federal and provincial jurisdictions, should be required to provide notice to the CE & IC of an intent to introduce a change likely to cause redundancy. Authority for this requirement might derive from the Unemployment Insurance Act.

546 Public programs and services designed to alleviate the adverse effects of lay-offs include the employment service, the institutional training program and the mobility program. The Commission has concluded that an assessment of these large and complex programs is beyond

its present competence. It will be of value, however, to relate in general terms the experience of persons responsible for enterprise level manpower adjustment planning and implementation.

547 The Commission has been told of notable cases where the local Canada Employment (Manpower) Centre has made available teams of counsellors who would bring counselling and placement services on site. Too often, however, individual expectations would be crushed by word that institutional training places were unavailable or that there were no job vacancies registered with the local employment office. Manpower counsellors seem unable to match concrete occupational development efforts (training, job search, mobility, etc.) with specific occupational vacancies except in the most highly skilled categories. All of this is discouraging to the job seeker and in the absence of extraordinary efforts he is likely to join the ranks of the unemployed.

548 The Commission believes that an employee who loses his job through redundancy deserves extraordinary public services. It should not be beyond the capacity of federal and provincial administrators to keep sufficient institutional training resources in reserve to accommodate a certain estimated volume of redundancies annually. Whenever possible, a special task force consisting of the employer and employees' representatives, the public employment service and perhaps local provincial and community representatives,

should be established to ensure concerted action as well as accountability on behalf of the employees facing lay-off.

2. Canada Labour Code

549 Three features of federal labour legislation bear directly on the subject of redundancy management. These are: (a) the designation and definition of "technological change" (Canada Labour Code, Part V; s.149(1)); (b) advance notice (Part III; s.60)); and (c) severance pay (Part III; s.61).

(a) Designation and Definition of Technological Change

550 Labour union representatives complain about the allegedly restrictive definition of technological change, saying that constant arguments are carried on with managements as to whether particular changes fall within the definition. On a broader scope, labour union representatives cannot accept the prohibition against regulating any but "technological" changes. It is contended that if redundancy may result, the type of classification of the change is irrelevant. Employers have been silent on the issue.

551 The Commission agrees that the designation as to the type of change to be subject to regulation should be opened up to include all changes. (Employers of unorganized employees would submit a manpower adjustment plan to the Manpower Consultative Service for approval.)

(b) Advance Notice

552 Part III of the Canada Labour Code describes a schedule of numbers of weeks' advance notice required for various numbers of persons to be laid off. There is no other criterion and no other requirement except the payment of nominal rates of severance pay. The schedule is more generous than those found in any other country with which the Commission has made comparisons.

553 In the absence of any other conditions or requirements the provision of up to 16 weeks' advance notice is understandable. The purpose is to allow whatever accommodation that might be made to be developed and carried out. As has been described, however, no adjustment measures are possible in the present system except with the consent and co-operation of the employer. Under the present system almost total responsibility for the direct consequences of redundancy falls on the federal labour market agency and the individual. The federal labour market agency and, in certain circumstances the local community, is expected

to accommodate the needs of sometimes thousands of workers laid off over a relatively short period of time. The conclusion of the Commission is that this type of advance notice without conditions or other requirements is ineffective and that present expectations with respect to the federal labour market agency are unrealistic.

554 The Commission believes that a period of notice of intent should be required during which the parties would jointly research and plan the manpower implications of the change. The amount of notice in individual cases would depend on the adjustment measures agreed to. The Commission considers the management of impasse earlier in this Chapter.

(c) Severance Pay

555 The Commission heard little or no comment with respect to the statutory provisions for severance pay. As has been noted, the basis for statutory severance pay is the concept of property rights in the job, an idea which has not manifested itself in North America. Only in the United Kingdom does statutory severance pay assume a prominent role as a manpower adjustment measure.

556 The Commission believes that the present statutory severance pay provisions should be improved and integrated into a conditional early retirement benefits scheme. These matters are considered earlier in this Chapter.

C. The Possibility of Changes and Improvements

557 The Commission is of the opinion that if any constructive developments are to take place in redundancy management generally, changes will be required in the way in which both management and labour view their respective roles and relationships. The Commission is of the opinion that basic to any changes and improvements in practices and procedures is the need for trust and maturity on the part of the principal participants.

558 A clear recognition by all parties of the fundamentally different character of redundancy management from conventional collective bargaining is a first step. The resolution of redundancy problems does not lend itself ideally to the adversary system found in the collective bargaining relationship. Because in most labour and management interfaces the collective bargaining process is predominant, if not total, the parties know no other relationships than that of adversaries. But in many other more mature and positive relationships, labour and management routinely carry out other activities than that of periodic collective bargaining. These other activities include, for example, regular joint consultation and research into particularly complex bargaining issues, or into non-negotiable issues, joint manpower planning and periodic discussions on the avoidance and limitation of dismissals

resulting from redundancies, or the moderation of their adverse results. These activities require the more co-operative and constructive relationship of "partners", rather than of adversaries.

559 The rest of this Chapter follows the analysis set out earlier of three stages of decision making, to which joint consultation and adjustment mechanisms must relate:

- (1) the decision to effect a change,
whether elective or non-elective;
- (2) decisions designed to avoid lay-offs; and
- (3) decisions to invoke adjustment mechanisms
to alleviate the adverse effects of lay-offs.

1. The Decision

560 The Commission agrees that a business decision to introduce a change (elective or non-elective) that will affect any of the participants to the endeavour, including the local community, must be taken in the full light of all other interests. Thus, while the Commission recognizes the role and responsibility of management to decide whether a change is necessary or desirable in the interest of the operation, such decision should be subject to the views of all parties directly affected by it. There must be a procedure whereby those affected by a proposed decision may express their objections or concerns.

561 Effective joint consultation as described earlier is, in the opinion of the Commission, a most desirable and constructive procedure that should be followed prior to a similar procedure focussed on the actual adjustment process.

562 The Commission is persuaded that a period of "notice of intent" to introduce a change preliminary to the present advance notice of a group lay-off is desirable. If this requirement were to come about, one would expect some decrease in the present statutory requirements for advance notice of group lay-off. If joint consultation in cases of change became a statutory requirement, the "notice of intent" would be, in effect, notice on the employees or their representatives that management was available to begin that process. Where there is no labour organization, the manpower adjustment plan would be forwarded to the MCS for approval.

2. Avoidance and Reduction of Lay-offs

563 The Report describes earlier the extent to which the Commission is convinced that a substantial proportion of potential lay-offs can be avoided by the use of manpower planning and attrition at the enterprise and industry levels. The planning process includes consideration of the timing of changes to allow attrition and other adjustment measures to work. The participation of the labour union in the joint processes will enhance the chance of success.

564 Government might review current labour and manpower policies better to adapt current policies and programs to the peculiarities of the distinct industrial manpower redundancy and adjustment process. New and adjusted labour market programs are required to avoid or reduce lay-offs. Enhanced efforts toward familiarizing employers and labour unions with respect to human resource management, including planning, joint consultation and adjustment techniques and practices are required, as well as informing the parties of available services. Efforts are currently under way to enhance the Industrial Training Program. This program is important both to ensure that skills are kept current, and to provide new skills to present employees when change comes about. Government can facilitate attrition by helping to solve the early retirement, inadequate income problems, and the Commission urges special attention to this issue.

565 Labour unions have an important and difficult responsibility to develop plans for the interaction of seniority lists in multi-jurisdiction operations.

566 In its examination of other possible practices aimed at avoiding or reducing lay-offs at the enterprise level, the Commission found no general support for such measures as stockpiling or government subsidies.

3. Mitigating the Effects of Lay-Offs

567 The most successful way to minimize the ill effects of the loss of employment is to ensure satisfactory re-employment as quickly as possible. This simple truism is apparently lost on occasion amidst various activities designed either to postpone the inevitable or to sustain hopes that are no longer valid. It is a conclusion of this Commission that once the joint consultative committee has developed its adjustment plan, and if that plan includes lay-offs, efforts toward re-employment should begin immediately.

568 The adjustment plan should include provision for the formation of an employment finding team consisting of employer and employee representatives, one or more CE & IC officers (either local CMC manpower counsellors or, in the case of large-scale lay-offs, more senior officers) and, depending on the location and circumstances, a representative of the community as well as the provincial government. This team should be accountable to the joint consultative committee who would share responsibility for results.

569 The CE & IC should place a high priority on service to employees who are about to be laid off. It is important that established employees with solid experience not be submerged in the overloaded public employment service. Where resources permit, employment finding services should be provided on a casework basis and pursued to a successful

conclusion in each case. Special consideration should be given to protecting the older worker in his employment or to ensuring that involuntary "Hobson's choice" early retirement be accompanied by terms that genuinely reflect his needs.

570 The Commission has noted the need for public training and mobility resources to be budgeted in such a manner that laid-off workers with solid employment records are assured of immediate training services as required for re-employment.

571 It has been observed that the CE & IC is continuing its developmental efforts and the Commission is interested in the idea of a portable wage subsidy. This proposal describes a procedure whereby employees laid off as the result of redundancy would carry with them a wage subsidy to which a new employer would be the beneficiary. At the time of the lay-off the individual might receive a subsidy card indicating the rate of government subsidy payable to the next employer. The subsidy rate might be determined as a percentage of the worker's previous gross weekly wage and take into consideration several factors, including age, skill and the prevailing unemployment rate.

572 Labour unions, in addition to their normal efforts toward developing expertise in industrial relations generally, should develop their capacities toward full participation in the joint consultative process. This

will require, in many instances, learning a whole new and unfamiliar role. The new non-adversarial role will require new skills of personal conduct, contribution, exploration and teamwork. In addition, new skills involving techniques of internal (avoiding lay-offs) and external (mitigating the effects of lay-offs) adjustment and of manpower planning generally must be acquired if the labour union is to assume its proper responsibilities. Most difficult for the labour union will be the acceptance of changes which it cannot agree are necessary, especially if these cause lay-offs and reduced membership.

573 Employers must examine their attitudes. Too many employers recognize their labour unions only as they must. No significant progress can be realized in the field of redundancy management without a basic improvement in the attitudes and trust between the principal parties. The Commission recognizes that in some circumstances the prospects for such improvement are not clear; nevertheless, it is a responsibility of management to attempt to solve the problem.

574 Employers must be aware of their responsibilities in redundancy management. As is stated earlier, employers have a responsibility effectively to consult their employees (representative) in a situation of change.

The objective here is consensus, not simply for the purpose of having the labour representatives carry the bad news back to the employees, but to listen to and weigh suggestions concerning the change decision itself.

575 Employers must also develop expertise in and practise human resource management, including manpower planning and redundancy management. Advice, guidance and assistance in these matters is currently available through the Manpower Consultative Service. Employers also have a responsibility to familiarize themselves with the programs and services provided by the CE & IC.

576 Both parties of interest must be prepared to accept direct responsibility for the resolution of any impasse in the processes of effective joint consultation.

577 As an aside, and at the risk of exceeding our terms of reference, the Commission wishes to state that it believes that both federal and provincial governments can do more to co-ordinate public redundancy policies, and the Commission has opted to recommend continuing efforts toward this goal. An alternative is a public redundancy commission funded by the federal and provincial governments.

D. Summary and Conclusions

578 The Commission sampled the views of employers, labour union representatives, workers and bureaucrats in fundamental areas pertinent to redundancy management. It concluded that basic changes in attitudes are necessary. For the most part, current attitudes are negative and not conducive to progress of any kind. Related to this want is a need for the recognition of manpower adjustment as a process distinct from collective bargaining and general manpower policy. The decision to make a change is recognized as a management "prerogative", but the Commission believes that better decisions can be made by involving the unions in its considerations. Suggestions are made for changes in procedures related to "notice of intent" and required joint consultation. Where no labour union exists, approval of a manpower adjustment plan by the MCS would be required prior to implementation.

579 The Commission thus concludes that redundancy management is a shared responsibility from (1) the point in time when management makes its decision to implement a change. At that time (2) a "notice of intent to introduce a change" should be given to all interested parties and (3) joint consultation concerning internal and external adjustment planning should commence.

(4) The services of the MCS would be provided at the request of either party. (5) The parties themselves must be prepared to resolve impasses or to face ad hoc intervention.

580 Experiences recounted to the Commission lead to the conclusion that basic to avoiding or limiting lay-offs is manpower planning and the exploitation of normal attrition activity. Early retirement as a means of avoiding lay-offs is valuable but is inhibited by the costs and hardships imposed on the retiree.

581 The most effective mitigating activities in case of actual lay-offs are those directed toward re-employment. Employers and labour union representatives express disappointment with the public employment service and the institutional training program as a means of easing lay-off hardships. Experience indicates that the most effective means of achieving the re-employment goal is by involving the employer in a team effort. Severance pay is not a generally useful mitigating measure; and consideration should be given to relating severance pay programs to (but not exclusively to) supplementing inadequate early retirement incomes.

582 Special proposals put to the Commission included that of a permanent Redundancy Commission, but it was concluded that, if the federal and provincial agencies involved could achieve better co-ordination, this step would not be necessary.

583 An industry-wide redundancy fund was proposed with particular application to the mining industry, but it was concluded that this effort, valid in itself, might better be incorporated into an industry-wide joint manpower committee. The Commission supports this approach and refers to the many examples of successful re-employment that have come about as a result of such structures.

584 The Commission rejects the idea of a Code of Good Practice as being without general influence on industrial conduct.

585 A proposal requiring employers to assume direct income maintenance costs of laid-off employees was acceptable to the Commission in principle, but finally rejected on grounds of administrative complexity.

586 The railway industry will be particularly affected by the Commission's conclusion that all changes likely to affect employees should be subject to required joint consultation concerning adjustment measures.

587 The MCS is generally well regarded by those who are familiar with it. The Commission is of the view that its services should be made available in any given case of redundancy at the request of either party.

588 Criticisms concerning the lack of available space in provincial training institutions for laid-off workers

were common, as were criticisms about the lack of information as to occupational demand.

589 Data on numbers of lay-offs should be a responsibility of CE & IC by means of required reporting by all employers.

590 Labour union representatives complained of their inability to come to grips with redundancy and pointed to the limited treatment of change in the Canada Labour Code. The Commission agrees that all changes should be treated equally.

591 The advance notice provisions of the Code were criticized as meaningless in the absence of structured procedures for carrying out adjustment measures in the time made available. The Commission proposes instead an indefinite period of joint consultation leading to an agreement on an adjustment plan.

592 Government should adapt present policies and programs to the unique redundancy-adjustment process and concentrate on more preventive measures.

593 Labour unions must solve the problem of the rigidities of seniority by jurisdiction in multi-union enterprises.

594 With respect to mitigating the effects of lay-offs, the Commission advocates the formation of an enterprise level employment finding team on which the employer would play a leading role.

595 It is urged that employees with good employment records should receive special employment and training services.

596 The Commission is interested in the idea of a portable wage subsidy.

597 Labour union representatives have a special responsibility to adapt to the joint consultative process and to equip themselves with the required techniques and skills. Employers must also examine their role as it relates to their union(s) and develop skills of manpower planning and adjustment.

CHAPTER VI - FOOTNOTES

- 1) Statistics Canada, "Pension Plans in Canada 1976", Catalogue 74-401 Biennial, pp. 13-14, April 1978.
- 2) The Commission studied this proposal extensively and will turn over its papers on the subject to Labour Canada.
- 3) The Commission wishes to express its appreciation for the assistance provided by the several labour and management organizations and their representatives of the railway industry, especially the C.B.R.T. and G.W.

CHAPTER VII
CONCLUSIONS AND RECOMMENDATIONS

A. Context and Perspective

598 The Commission in Chapter II examined four dimensions of the redundancy problem in Canada, in order to put the problem in context and to gain a perspective on it. Those dimensions are the economic, the institutional, the international and the social.

599 Canada's immediate economic future is not encouraging in terms of productivity, costs and international competitiveness. There is not an immediate prospect for a reduction in unemployment, a context which will continue to make the management of redundancy problems difficult.

600 The principal "actors" in the institutional dimension are employees and their labour organizations, employers, and governments in their multifarious roles. The roles and postures of all parties can be and are affected by the context - the external conditions - within which they must function, including the division of legislative jurisdiction in labour matters between the federal government and the provinces. Employers seek profits, employees seek economic security and opportunity and work satisfaction, and unions seek to preserve the interests of their members and have natural interests of their own, as social institutions in themselves. Governments

are both participants in and regulators of the industrial relations scene and its institutions, including collective bargaining and social programs, and as managers of certain adjustment mechanisms relating to redundancy and lay-off. All these forces compete with one another. The character of the institutional dimension for the future will probably be influenced initially by the role of government, because of the degree and character in intervention in the industrial relations scene and its regulation of the economy will affect the powers and interactions of their participants.

601 Within the international dimension, Canada is heavily dependent on international trade; domestic well-being of the economy and its capacity to manage redundancy problems - in fact the existence or absence of such problems, to a degree - is directly affected by trade patterns and agreements and new industrialized and competitive roles being asserted by developing countries. The perceived need for an overall industrial strategy for Canada persists. The evolving international dimension, including Canada's trade competitiveness, is thus an important context within which governments must consider programs of adjustment assistance to individuals, enterprises, and communities.

602 The pursuit of competing objectives by different participants in the institutional dimension is bound to produce conflict in values, which are clearly reflected in conflicting attitudes to lay-offs. The social dimension is a complex one. Redundancy problems and processes can be brought to the bargaining table, but the practice is not extensive in Canada. It is argued in this report that collective bargaining in this country is essentially an adversary system of industrial relations, whereas the management of redundancy problems requires a consensual and egalitarian system of consultation wherein the social dimension of entrepreneurial decisions can be examined in terms of consequences and remedies. Distinct perspectives on lay-offs are held by the unemployed individuals, their labour organizations, their employers, the community (particularly the "dependent community") and society at large. Each has its own distinctive hurts and costs, and all need to be assessed within the context of the economic well-being of the country.

B. The Labour Market

603 Recent trends in the labour market show an increase in jobs coupled with an increase of entrants into the labour force. In Canada, labour force entrants, because of high fertility rates in the early 1950s, have exceeded increases in job creation, substantial though the latter have been.

The challenge presented by these two contending trends has been greater in Canada than in other industrialized countries.

604 Important developments in the Canadian labour market are a decrease in immigration and a substantial increase in the participation of women, a population bulge of workers in their mid and late twenties and a general ageing of the population. All these developments reflect different attitudes to work. They also make difficult both projections of lay-offs and quits and of attitudes to lay-offs. Lay-off patterns will continue to be affected by seasonal, cyclical and long term trends in the economy and the counter influence of stabilization policies. Patterns will also be affected by a decrease in the growth of the labour force, which is itself a projection affected by variables that are not easy to predict. Comparatively high unemployment will likely continue to be an important context within which adjustment mechanisms to redundancy problems will have to be managed.

605 The unemployment picture has a number of characteristics which relate to the potential efficacy of adjustment mechanisms, characteristics which can be identified theoretically but are not easily measured. They relate to such factors as labour turn over, whether termination or quit, withdrawals or drop-outs from the labour force, shifts in employment patterns among primary, secondary and service industries,

shifting proportions of skilled and unskilled labour, changing skills and training capacities, single and multiple payroll households, duration of employment, and ultimately, for our purposes, the measurement of hardship.

606 The nature of labour turnover and labour market flows and the characteristics of the unemployed affect the management of redundancy problems. Mobility is a major consideration, for it relates to mismatches of job demand and job opportunity in a large, highly regionalized and comparatively sparsely populated country. Serious mismatches also show up in occupational and educational imbalances. Both the factors of increased mobility and the balancing of jobs (with rising skill components) and skills will be important to the future management of redundancy problems. The implications for an ageing population are obvious and the need for special protection for the older worker in a discomfiting environment is apparent.

607 Profound changes in the Canadian labour market are thus indicated, including changes in the meaning and significance of unemployment itself. Their effects will be felt by employees, labour organizations, employers and governments alike, regardless of their differing roles, values and attitudes.

C. Fundamental Considerations

608 This report has made reference on a number of occasions to attitudes and values of parties involved in and affected by redundancies and lay-offs. The institutional process with which trade-unions and employers are most familiar, and in which they grew up, is collective bargaining. The organized employee looks to his trade-union for individual and collective protection. And the government is in different phases, employer, administrator of social welfare programs within which collective bargaining functions, overseer of the collective bargaining process and ad hoc manager of emergencies of varying dimensions.

609 The collective bargaining process is adversary in nature and many representatives of the parties of interest would not have it otherwise, for they know the rules of the game, they know how to make them work and they resist government interference in the process. It, however, carries with it its own attitudes. Some collective agreements do deal with facets of the issue of redundancy. Nevertheless, redundancy is an economic and social issue in which there is a general public interest, involving as it does unemployment and public costs relating thereto, costs to the community, especially the

dependent community, and claims on social welfare programs. It is argued in this report that the adversary process does not lend itself well to the management of redundancy problems because the search for solutions requires something more from the employer than the maximization of profits and the attitude that the union is to be tolerated only as an adversary. It requires a non-legalistic, egalitarian search for viable solutions that minimize hardship to the individual and charges, direct and indirect, to the public purse.

610 It is recognized that the initial decision to effect a change is a matter of management responsibility. However, the consideration of the avoidance of lay-offs flowing from the decision, and the consideration of the lessening of hardship flowing from unavoidable terminations of employment, together with the provision of sufficient time to consider these matters, call for consultation between the parties of interest, with appropriate involvement of government services, to produce effective results.

611 The anticipation of labour market difficulty now forecast militates in favour of a more active manpower policy on the part of employers and governments, with the involvement of labour organizations. Enterprises should look down the road sufficiently far to see changes in their requirements, and to plan for changes by various forms of adjustment, including in-house training and retraining, internal

mobility, planned attrition, the use of government services, and the like.

612 Less than half the labour force in Canada is organized, and in some parts of the country the figure is considerably less than this. An adjustment policy addressed to redundancy problems and relating to the labour force within federal jurisdiction must therefore apply to unorganized as well as organized employers. It would hardly be national policy if it could operate only within the framework of collective bargaining.

613 Thus manpower policy and manpower planning are matters of concern at the level of the plant, the industry or sector, the equivalent levels of labour organization and appropriate governmental levels. If there is to be integration at government levels there clearly must be co-operation and co-ordination between the federal government and the provinces. This is not, of course, a matter for this Commission; but the observation of the point is inescapable. Such integration and co-operation should lead to broader based planning and design and management of adjustment mechanisms. It should also facilitate internal manpower arrangements, where trade adjustment assistance is considered

appropriate because of federal action at the level of international trade.

D. The Emphasis on Processes

614 The bulk of this report is oriented to a consideration of process - how the parties of interest should go about the business of managing redundancies and lay-offs and developing adjustment processes and putting them into operation.

615 The Commission is of the opinion that if any constructive developments are to take place in redundancy management generally, changes will be required in the way in which both management and labour view their respective roles and relationships. The Commission is of the opinion that basic to any changes and improvements in practices and procedures is the need for trust and maturity on the part of the principal participants. A clear recognition by all parties of the fundamentally different character of redundancy management from conventional collective bargaining is a first step.

616 The Commission has opted not to distinguish between elective and non-elective change, for the reason that, for purposes of managing redundancy, the distinction between decisions that are within the discretionary power of management and those that are not is not useful. Second, redundancy

management at the enterprise level should go beyond currently oriented manpower policy and by the collective bargaining process as we know it. The Commission recommends consultation - "effective joint consultation" - to be assisted by the Manpower Consultative Service of CE & IC at the request of either party. To be effective the process must be egalitarian and non-legalistic; it must be managed effectively; and the employer must give such notice of his initial decision to allow sufficient time for consultation to resolve the problem of redundancy in an optimum way. The Commission also has chosen not to recommend processes for the resolution of impasse in consultation, in the belief that such prescribed procedures would inhibit consultation and that the true spirit of effective joint consultation should produce solutions derived by the parties themselves. Ad hoc third party intervention is always in reserve.

617 The Commission has summarized at greater length in the preceding section its views on the need for the availability of third party assistance and the utilization of government programs, and on the applicability of manpower adjustment mechanisms and processes to the unorganized part of the labour force.

618 Labour unions and employers alike must develop their capacities toward full participation in the joint consultative process.

E. Recommendations

1. Processes

In essence, we recommend that, through legislation, redundancy management be recognized as a shared responsibility from (1) the point in time when management makes its decision to implement change. At that time (2) a "notice of intent to introduce a change" should be given to all interested parties and (3) joint consultation concerning internal and external adjustment planning should commence. (4) The services of MCS would be provided at the request of either party. (5) Where the management of the redundancy problem has been determined, the employer may then give notice to the labour force of the actual adjustment process, that is, the action, including lay-offs and adjustments as the case may be, determined to give effect to the change as it may emerge from the consultation. (6) The parties themselves must be prepared to resolve impasse or to face ad hoc intervention.

Technological change is now covered by section 149 (and following) of the Canada Labour Code. We recommend that these provisions be left intact and our recommendations for the management of change exclude those that fall within the definition of technological change.

Following the introduction to the technological change provisions in 1972, almost all parties to collective bargaining within the federal jurisdiction reached a negotiated accommodation for the management of that kind of change, and the merits of freely bargained processes should be respected. At the same time, we recognize that changes consequent upon technological change may fall outside of the definition of such change; further, we recognize that under present law borderline cases of change (i.e. whether they are technological or not) may not be dealt with. Our recommendations thus encompass changes not at present dealt with in the technological change provisions of the Canada Labour Code.

The manner and timing of the introduction of a change* likely to affect current conditions of work and subject certain employees to redundancy and possible lay-offs should not be left solely to management's discretion. We recommend that once an employer has taken a decision to make a change he must, as a matter of law, give notice of intent to make the change to the union representing the employees, or in the absence of a union a committee of employees created for the purpose, and the CE & IC. To be effective, this notice must provide sufficient time for response by the parties who, individually and collectively, have a role to play in the adjustment process.

The decision whether a change is necessary or desirable in the interest of the operation of an enterprise is the role and responsibility of management, but such decision should be subject to exposure to the views of all parties directly affected by it and there must be a procedure whereby they may express their objections and concerns. "Effective joint consultation" is a most desirable and constructive procedure that should be followed prior to a similar procedure focussed on the actual adjustment process. This requires a notice of intent to introduce a change preliminary to notice of a group lay-off.

* See Chart on Present and Proposed Process for Dealing with Non-Technological Change - Appendix "A".

The parties must then embark upon a process of joint consultation to comment on the decision, to determine whether redundancy can be avoided, and to determine what adjustment mechanisms should be put into operation where redundancy and lay-offs cannot be avoided. Any and all changes likely to cause redundancies and lay-offs should be subject to the joint consultative process at appropriate levels of the organization.

Joint consultation is a co-operative consideration of a common problem requiring common effort. It is not an adversary process, and must be distinguished from the normal processes of collective bargaining. Its objective is consensus, but it is recognized that consensus may not always be reached.

The purpose of advance notice is not simply to allow a period of time sufficient to attempt to locate alternate employment for employees who have received lay-off notices. It is essential to any socially responsible and rational process of human resource management that there should be sufficient time and effort to carry out a program aimed at avoiding or reducing lay-offs arising from redundancies. Present statutory requirements for advance notice of group lay-offs may be relaxed, but there must be a requirement for notice of intent during which joint consultation, research and adjustment planning would take place. Services of the

federal Manpower Consultative Services should be made available at the request of either party.

The federal government's role in joint consultation should be restricted at least in the first instance to the provision of MCS services. Through the involvement of MCS there should be made available services of training, mobility and placement activated by the co-ordinating activities of MCS.

The process of joint consultation should result in agreement. Any impasse in joint consultation should be resolved by the parties themselves or through ad hoc intervention. Thereafter the employer may implement the change. The Commission proposes an indefinite period of joint consultation leading to an agreement of an adjustment plan.

.We recommend that the employer and the union, or a committee of employees created for the purpose, establish a standing "works council" which would meet on a regular basis and to which decisions respecting change could be brought for purposes of initiating joint consultation. Such a council is a desirable institution for continuous joint manpower planning. If effective joint consultation is proper and productive in particular circumstances, it can be even more

so if carried on as a continuing dialogue on manpower matters at appropriate levels throughout the enterprise. The Commission is convinced of the general benefit to enterprises of comprehensive manpower planning, particularly in circumstances of change, its objective being to minimize lay-offs and to implement effective adjustment mechanisms where lay-offs cannot be avoided. It is recognized at the same time that the viability of a works council may be a factor of the size of the enterprise.

The next group of recommendations relates to the implementation of the consultative process from the time when the employer gives notice of his decision to effect a change to the implementation of an adjustment plan.

We recommend that there be no fixed time limits for engaging in joint consultation, inasmuch as the time required varies enormously from case to case. The time span referred to here runs from the employer's notice of intent to make a change to the notice of the adjustment plan that emerges from the process of joint consultation. It may be anticipated that in a typical case of joint consultation the employer will be anxious to shorten the time required in order to effect the change, and that the union (or its equivalent) will want to seek an adjustment plan most favourable to the employees

in the circumstances confronting them, an objective which may tend to lengthen the process. In our view the time required for joint consultation should be determined by the process itself. It must also be recognized that the resolution of impasse will require time that cannot be determined in advance and be valid for all cases.

We recommend that when an adjustment plan has been determined, notice of its implementation be shortened from the time now provided in Section 60 of the Canada Labour Code. (This will require a statutory amendment.) We also recommend that the adjustment plan itself may prescribe periods of notice that may vary in accordance with the details of the adjustment plan package itself. A minimum time period must, however, be prescribed at this point in the process. We recommend that this time period be prescribed by regulation, which will reflect ministerial discretion, influenced by experience in the operation of the process.

On the same reasoning, we recommend that ministerial discretion be exercised to determine the coverage of the processes of notification and consultation in terms of the minimum number of employees affected by the change and the minimum percentage of employees affected in the enterprise.

We recommend that terminal binding arbitration not be established as a standing procedure for the resolution of impasse in joint consultation.

We recommend that special effort be made to identify suitable persons to chair joint consultative committees. We recommend that a cadre of such persons be established, possibly through a joint labour-management committee.

2. Avoiding and Limiting Lay-offs

The first and only valid objective of adjustment in cases of redundancy lay-off is re-employment.

We recommend that priority be given to efforts to relocate a redundant employee in the enterprise, in the industry or in the locality of the enterprise. Employer participation in the employment-finding activity is essential. We recommend that severance pay be used as an incentive to control a lay-off schedule, but that it not be relied upon as a general adjustment measure.

We recommend the formation of an enterprise level employment-finding team on which the employer should play a leading role.

We recommend that labour unions develop plans for the interaction of seniority lists in multi-jurisdiction operations.

We recommend that training and retraining programs, both private and public, be improved as a measure to avoid or limit lay-offs.

3. Mitigating the Effects of Lay-offs

Once the joint consultative committee has developed its adjustment plan, and if that plan includes lay-offs, efforts toward re-employment should begin immediately. The adjustment plan should include provision for the formation of an employment-finding team. We have in the previous section recommended the formation of an enterprise level employment-finding team on which the employer should play a leading role.

We recommend that public training and mobility resources be budgeted in such a manner that laid-off workers are assured of immediate training services.

Early retirement is an adjustment mechanism which may work extraordinary hardships where actuarial reductions in pensions are made. Special consideration must be given to the needs of older workers to retain them in employment or to use such devices as adequate severance pay to compensate for reductions in pensions, where early retirement is imposed because of redundancy. We

recommend that further studies be carried out with a view to recommending equitable procedures for providing adequate supplementary income benefits to older employees who are laid off short of normal retirement age because of redundancy.

We recommend that serious attention be given to making pension plans portable in order to provide for mobility without penalty. Industry-wide portability points in the right direction.

4. Other Matters

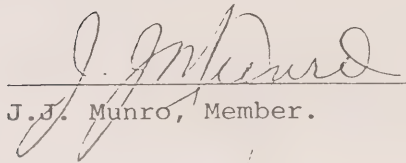
The Commission is concerned about the lack of data in the matter of redundancies and lay-offs. For both statistical and early warning reasons, we recommend that all employers within federal jurisdiction be required to provide notice to the CE & IC of an intent to introduce a change likely to cause redundancy.

We recommend that the MCS regulations be amended to provide for the appointment of permanent chair/research persons.

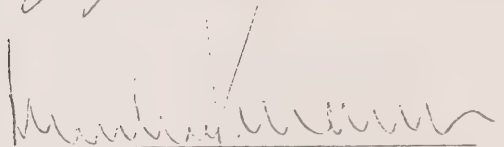
All of which is respectfully submitted.



A.W.R. Carrothers, Chairman.



J.J. Munro, Member.



C.H. Perrault, Member.

OTTAWA, CANADA.

April 5th, 1979.

Appendix 1

Principal Researchers and Assistants to
John Drew, Executive Director

<u>Name</u>	<u>Work Performed</u>
Motuz, W.L. Ottawa, Ontario.	Principal background papers concerning the social and economic aspects of redundancies, as well as labour force projections.
Morritt, H. Ottawa, Ontario.	Contributed significantly to the preparation of Chapter 3, on the labour market.
Rinaldi, J.P. Hetherington, R.O. Southin, C. Bajawa, H. Manpower Consultative Service, Vancouver.	Prepared reviews and summaries of briefs submitted to the Commission.

Appendix 2

Principal Researchers used by C.R. Scott, Director of Research

<u>Name</u>	<u>Work Performed</u>
Malles, Paul Econometrica, Ottawa, Ontario.	Provided a descriptive analysis of legislation, policies and programs in Europe and the United States.
McKerral, C.J. Labour Canada, Ottawa, Ontario.	Provided a descriptive analysis of Canadian legislation and practices.
Raynauld, Andre Dr. Andre Raynauld et Associes, Montreal, Quebec.	Provided an economic analysis of the layoff problems in Canada and a paper on the economic framework surrounding the question.
Stanley, Guy, Dr. Stanley, Fennell, Prentice & Associates),	Developed a bibliography and preliminary analysis of the social framework surrounding the problem of redundancies and layoffs.

Appendix 3

Ministers contacted by the Commission

The Honourable Neil Crawford
Minister of Labour
Edmonton, Alberta

The Honourable Allan Williams
Minister of Labour
Victoria, B.C.

The Honourable Norma Price
Minister of Labour
Winnipeg, Manitoba

The Honourable Lawrence Garvie
Minister of Labour & Manpower
Fredericton, New Brunswick

The Honourable Joseph Rousseau
Minister of Labour & Manpower
St. John's, Nfld.

The Honourable Walter Fitzgerald
Minister of Labour & Housing
Halifax, Nova Scotia

The Honourable Bette Stephenson
Minister of Labour
Toronto, Ontario

The Honourable George Henderson
Minister of Labour
Charlottetown, P.E.I.

L'honorable Pierre-Marc Johnson
Minster of Labour
Quebec, Quebec

The Honourable Gordon T. Snyder
Minister of Labour
Regina, Saskatchewan

Stuart M. Hodgson
Commissioner for the Northwest Territories
Yellowknife, N.W.T.

Arthur Pearson
Commissioner for the Government of Yukon
Whitehorse, Yukon Territory.

Appendix 4

Government Departments contacted by the Commission

Canada Employment & Immigration Commission
Ottawa, Ontario.

Department of Regional Economic Expansion
Ottawa, Ontario.

Department of Industry, Trade & Commerce
Ottawa, Ontario.

Public Service Commission of Canada
Ottawa, Ontario.

Appendix 5

Employer Groups contacted by the Commission

Alberta

Greyhound Lines of Canada
Calgary, Alberta

Hotel Association of Canada, Inc.
Edmonton, Alberta

Wardair
Edmonton, Alberta

British Columbia

B.C. Maritime Employers Association
Vancouver, B.C.

B.C. School Trustees Association
Vancouver, B.C.

B.C. Steamship Co. Ltd.
Victoria, B.C.

B.C. Telephone Company
Vancouver, B.C.

B.C. Terminal Elevator Operators Association
Vancouver, B.C.

British Yukon Rail Company
Vancouver, B.C.

C.P. Air
Vancouver, B.C.

Construction Labour Relations Association
Vancouver, B.C.

Council of Forest Industries of B.C.
Vancouver, B.C.

Council of Marine Carriers
Vancouver, B.C.

Employers Council of B.C.
Vancouver, B.C.

Fisheries Association of B.C.
Vancouver, B.C.

Fishing Vessels Owners Association
Vancouver, B.C.

Forest Industrial Relations Ltd.
Vancouver, B.C.

Health Labour Relations Association
Vancouver, B.C.

Mining Association of B.C.
Vancouver, B.C.

Northland Navigation Co. Ltd.
Vancouver, B.C.

Pacific Western Airlines
Vancouver, B.C.

Pipeline Contractors Association of Canada
Vancouver, B.C.

Pulp and Paper Industrial Relations Bureau
Vancouver, B.C.

Transport Labour Relations Association
Vancouver, B.C.

White Pass & Yukon Corporation Ltd.
Vancouver, B.C.

Manitoba

Hudson Bay Mining & Smelting Co. Ltd.
Flin Flon, Manitoba

Lakehead Terminal Elevators Association
Winnipeg, Manitoba

Manitoba Pool Elevators
Winnipeg, Manitoba

Transair Limited
Winnipeg, Manitoba

New Brunswick

Maritime Employers Association
St. John, New Brunswick

Newfoundland

Eastern Provincial Airways (1963) Ltd.
Gander, Newfoundland

St. John's Shipping Association
St. John's, Newfoundland

Nova Scotia

Cape Breton Development Corporation
Sidney, Nova Scotia

Eastern Canada Towing
Halifax, Nova Scotia

Northwest Territories

Cominco Ltd.
Yellowknife, Northwest Territories

Giant Yellowknife Mines
Yellowknife, Northwest Territories

Ontario

Air Transport Association of Canada
Ottawa, Ontario

Algoma Central Railway
Sault Ste. Marie, Ontario

Atomic Energy of Canada Ltd.
Ottawa, Ontario

Canada Coach Lines Ltd.
Hamilton, Ontario

Canadian Association of Broadcasters
Ottawa, Ontario

Canadian Broadcasting Corporation
Ottawa, Ontario

Canadian Chamber of Shipping
Ottawa, Ontario

Canadian Construction Association
Ottawa, Ontario

Canadian Federation of Independent Business
Toronto, Ontario

Canadian Federation of Mayors & Municipalities
Ottawa, Ontario

Canadian General Electric Company
Toronto, Ontario

Canadian Manufacturers Association
Toronto, Ontario

Canadian Restaurant Association
Toronto, Ontario

Canadian Trucking Association
Ottawa, Ontario

The Conference Board in Canada
Ottawa, Ontario

Denison Mines
Elliot Lake, Ontario

Eastern Elevators Association
Goderich, Ontario

Gulf Oil Canada Limited
Toronto, Ontario

Institute of Association Executives
Toronto, Ontario

Lakehead Terminal Grain Elevators
Thunder Bay, Ontario

Maple Leaf Mills Ltd.
Toronto, Ontario

Mining Association of Canada
Ottawa, Ontario

Motor Transport Industrial Relations Bureau
Rexdale, Ontario

National Harbours Board
Ottawa, Ontario

Ontario Northland Railway
North Bay, Ontario

Rio Algom Mines
Elliot Lake, Ontario

St. Lawrence Seaway Authority
Cornwall, Ontario

Tank Truck Transport
Rexdale, Ontario

Toronto Harbour Commission
Toronto, Ontario

Upper Lakes Shipping
Toronto, Ontario

Voyageur Colonial
Ottawa, Ontario

Quebec

Air Canada
Montreal, Quebec

Aluminum Company of Canada
Montreal, Quebec

Bell Canada
Montreal, Quebec

Brazeau Transport Inc.
Rouyn, Quebec

Canada Steamship Lines Ltd.
Montreal, Quebec

Canadian Association of Municipal Administrators
Quebec, Quebec

Canadian Lake Carriers Association
Montreal, Quebec

Canadian Pacific Railway
Montreal, Quebec

C.D. Howe Research Institute
Montreal, Quebec

Conseil du Patronat du Quebec
Montreal, Quebec

Nordair Ltd.
St. Laurent, Quebec

Quebec Air Inc.
Dorval, Quebec

Quebec North Shore and Labrador Railway
Sept-Iles, Quebec

Railway Association of Canada
Montreal, Quebec

St. Lawrence and Atlantic Elevators Association
Three Rivers, Quebec

Shipping Federation of Canada
Montreal, Quebec

Saskatchewan

Employers Association of Saskatchewan
Regina, Saskatchewan

Saskatchewan Wheat Pool
Regina, Saskatchewan

Yukon

White Pass & Yukon Route
Whitehorse, Yukon

Appendix 6

Labour Organizations requested to advise their affiliates
of the Commission's work

Canadian Labour Congress
Ottawa, Ontario

Canadian Conference of Teamsters
Vancouver, B.C.

Confederation of Canadian Unions
Toronto, Ontario

National Council of Canadian Labour
Ottawa, Ontario

Confédération des syndicats nationaux
Montréal, Québec

Appendix 7

Independent Labour Organizations contacted by the Commission

Alberta

Alberta Teachers Association
Edmonton, Alberta

United Transportation Union
Edmonton, Alberta

British Columbia

B.C. Hospital Employees Union
Vancouver, B.C.

B.C. Teachers Federation
Vancouver, B.C.

Canadian Air Line Flight Attendants Association
Vancouver, B.C.

Native Brotherhood of British Columbia
Vancouver, B.C.

Pulp, Paper and Woodworkers of Canada
Vancouver, B.C.

Registered Nurses Association of British Columbia
Vancouver, B.C.

Service, Office and Retail Workers of Canada
Vancouver, B.C.

United Steelworkers of America, District No. 3,
Vancouver, B.C.

Telecommunications Workers Union
Burnaby, B.C.

Manitoba

Manitoba Organization of Nurses Association
Winnipeg, Manitoba

Manitoba Teachers Society
Winnipeg, Manitoba

New Brunswick

New Brunswick Provincial Collective Bargaining Councils
Fredericton, New Brunswick

New Brunswick Public Employees Association
Fredericton, New Brunswick

New Brunswick Teachers Federation
Fredericton, New Brunswick

Newfoundland

Newfoundland Association of Public Employees
St. John's, Newfoundland

Newfoundland Teachers Association
St. John's, Newfoundland

Nova Scotia

Nova Scotia Government Employees Association
Halifax, Nova Scotia

Nova Scotia Nurses Union
Sydney, Nova Scotia

Nova Scotia Teachers Union
Armdale, Nova Scotia

Northwest Territories

Northwest Territories Teachers Association
Yellowknife, Northwest Territories.

Ontario

Canadian Air Line Pilots Association
Brampton, Ontario

Canadian Air Traffic Control Association Inc.
Ottawa, Ontario

Canadian Association of University Teachers
Ottawa, Ontario

Canadian Brotherhood of Railway, Transport and General Workers,
Ottawa, Ontario

Canadian Nurses Association
Ottawa, Ontario

Canadian Postmasters Association
Ottawa, Ontario

Canadian Railway Labour Association
Ottawa, Ontario

Canadian Teachers Federation
Ottawa, Ontario

Christian Labour Association of Canada
Toronto, Ontario

Communication Workers of Canada, Local 4,
Toronto, Ontario

Ontario

Economists, Sociologists & Statisticians Association
Ottawa, Ontario

International Association of Machinists & Aerospace Workers
Ottawa, Ontario

Brotherhood of Maintenance of Way Employees
Ottawa, Ontario

Ontario English Catholic Teachers Association
Toronto, Ontario

Ontario Nurses Association
Toronto, Ontario

Ontario Public School Men Teachers Federation
Toronto, Ontario

Ontario Public Service Employees Union
Toronto, Ontario

Ontario Secondary School Teachers Federation
Toronto, Ontario

Association of Postal Officials of Canada
Ottawa, Ontario

Professional Institute of the Public Service of Canada
Ottawa, Ontario

Retail Clerks Union, Local 206
Cambridge, Ontario

United Steelworkers of America
Toronto, Ontario

Federation of Women Teachers Association of Ontario
Toronto, Ontario

Prince Edward Island

Prince Edward Island Teachers Federation
Charlottetown, P.E.I.

Quebec

Brotherhood of Railway, Airline and Steamship Clerks,
Montreal, Quebec.

Canadian Telephone Employees Association
Montreal, Quebec

Federation canadienne des travailleurs de textile inc.,
Montreal, Quebec

Federation democratique de la matallurgie, des mines
et des produits chimiques
Quebec, Quebec.

Saskatchewan

Saskatchewan Teachers Federation
Saskatoon, Saskatchewan

Saskatchewan Union of Nurses
REgina, Saskatchewan

Briefs and/or Other Material submitted to the
Commission of Inquiry into Redundancies & Lay-Offs

EMPLOYER GROUPS

British Columbia

B.C. Maritime Employers
45 Dunlevy Avenue
Vancouver, B.C.
V6A 3A3

B.C. Telephone Company
3777 Kingsway
Burnaby, B.C.
V5H 3Z7

Construction Labour Relations Association of B.C.
120 - 1200 West 73rd Avenue
Vancouver, B.C.
V6P 6G5

Employers Council of B.C.
1630 - 1055 West Hastings Street
Vancouver, B.C.
V6E 2E9

Forest Industrial Relations Limited
8th Floor, One Bentall Centre
505 Burrard Street
Vancouver, B.C.
V7X 1M4

Mining Association of British Columbia
104 - 1075 Melville Street
Vancouver, B.C.
V6E 2W4

Northland Navigation
2285 Commissioner Street
V5L 1A9

Manitoba

Western Grain Elevator Association (Lakehead Terminals)
759 - 167 Lombard Avenue
Winnipeg, Manitoba
R3B 0V3

Ontario

Atomic Energy of Canada
Ottawa, Ontario
K1A 0S4

Canadian Association of Movers
903 - 105 Main Street East
Hamilton, Ontario
L8N 1G6

Canadian Broadcasting Corporation
P.O. Box 8478
Ottawa, Ontario
K1G 3J5

Canadian Construction Association
85 Albert Street
Ottawa, Ont.
K1P 6A4

Canadian Federation of Independent Business
15 Coldwater Road
Don Mills, Ontario
M3B 3J1

Canadian Manufacturers Association
1 Yonge Street
Toronto, Ontario
M5E 1J9

Canadian Motor Coach
265 Catherine Street
Ottawa, Ontario
K1R 7S5

Canadian Trucking Association
300 - 130 Albert Street
Ottawa, Ontario
K1P 5G4

Eastern Elevators Association
c/o Mr. A. Edward Aust
Stikeman, Elliott, Tamaki, Mercier & Robb
Barristers & Solicitors
Canadian Imperial Bank of Commerce Building
1155 Dorchester Boulevard West
Montreal, Quebec
H3B 3V2

Quebec

Bell Canada
1050 Beaver Hall Hill
Montreal, Quebec
H3C 3G4

CN Rail/CP Rail
c/o The Railway Association of Canada
1117 St. Catherine Street West
Montreal, Quebec
H3B 1H9

St. Lawrence & Atlantic Elevators Association
c/o Mr. A. Edward Aust
Stikeman, Elliott, Tamaki, Mercier & Robb
Barristers & Solicitors
Canadian Imperial Bank of Commerce Building
1155 Dorchester Boulevard West
Montreal, Quebec
H3B 3V2

LABOUR ORGANIZATIONS

Alberta

United Transportation Union, Local 1233
91 Wolfe Crescent
Edmonton, Alberta

British Columbia

B.C. Teachers Federation
105 - 2235 Burrard Street
Vancouver, B.C.
V6J 3H9

Canadian Airline Flight Attendants Association
450 - 1665 West Broadway
Vancouver, B.C.
V6J 1X1

Confederation of Canadian Unions
5648 Imperial Street
Burnaby, B.C.

Pulp, Paper & Woodworkers of Canada
715 - 602 West Hastings Street
Vancouver, B.C.
V6B 1T2

Telecommunications Workers Union
5261 Lane Street
Burnaby, B.C.
V5A 4A6

Manitoba

Manitoba Teachers Society
McMaster House
191 Harcourt Street at Portage Avenue
Winnipeg, Manitoba
R3J 3H2

New Brunswick

New Brunswick Federation of Labour
P.O. Box 524
Moncton, New Brunswick
E1C 8L9

Newfoundland

Newfoundland/Labrador Federation of Labour
P.O. Box 2023
Station C
St. John's, Newfoundland
A1C 5R6

Nova Scotia

Nova Scotia Federation of Labour
275 Mapleview Drive
North Sydney, Nova Scotia
B2A 3K3

Nova Scotia Government Employees Association
5435 Spring Garden Road
Halifax, Nova Scotia
B3J 1G1

Ontario

Canadian Airline Pilots Association
1300 Steeles Avenue East
Brampton, Ontario
L6T 1A2

Canadian Association of University Teachers
1001 - 75 Albert Street
Ottawa, Ontario
K1P 5E7

Canadian Brotherhood of Railway, Transport & General Workers
2300 Carling Avenue
Ottawa, Ontario

Canadian Federation of Communications Workers
233 Gilmour Street
Suite 703A
Ottawa, Ontario
K2P 0P1

Canadian Labour Congress
2841 Riverside Drive
Ottawa, Ontario
K1V 8X7

Canadian Nurses Association
60 The Driveway
Ottawa, Ontario
K2P 1E2

Canadian Railway Labour Association
513 - Varette Building
130 Albert Street
Ottawa, Ontario
K1P 5G4

Christian Labour Association of Canada
1036 Weston Road
Toronto, Ontario
M6N 3S2

Federation of Women Teachers Associations of Ontario
3rd Floor
1260 Bay Street
Toronto, Ontario

Economists, Sociologists & Statisticians Association
304 - 185 Somerset Street West
Ottawa, Ontario
K2P 0J2

Ontario Public School Men Teachers Federation
1260 Bay Street
Toronto, Ontario
M5R 2B7

International Association of Machinists & Aerospace Workers
400 - 287 MacLaren Street
Ottawa, Ontario
K2P 0L9

Ontario Secondary School Teachers Federation
16 Mobile Drive
Toronto, Ontario
M4A 2P3

Professional Institute of the Public Service of Canada
786 Bronson Avenue
Ottawa, Ontario
K1S 4G4

Retail Clerks Union, Local 486
20 Hamilton Avenue North
Ottawa, Ontario
K1Y 1B6

United Steelworkers of America
55 Eglinton Avenue East
Toronto, Ontario
M4P 1B5

Quebec

Brotherhood of Railway, Airline & Steamship Clerks
550 Sherbrooke Street West
Suite 690
Montreal, Quebec

Canadian Telephone Employees Association
Place du Canada
Suite 1270
Montreal, Quebec
H3B 2N2

Conseil du Patronat du Quebec
Suite 606
2075 rue Universite
Montreal, Quebec
H3A 2L1

Saskatchewan

Saskatchewan Union of Nurses
101 - 2515 Victoria Avenue
Regina, Saskatchewan
S4P 0T2

Appendix 9

Meetings of the Commission with Persons other than
Parties of Interest

<u>Place</u>	<u>Date</u>	<u>Party</u>
Winnipeg	Sept. 12	Professor C. Jecchinis Lakehead University
Vancouver	Sept. 14	Duncan Campbell CE & IC
Montreal	Oct. 18	Angelo Forte (retired) Director, Manpower Consultative Service
Toronto	Oct. 20	D. Adamson and J. E. Boyd CE & IC

Appendix 10

Schedule of Commission meetings with Government
Representatives and Parties of Interest

<u>Place</u>	<u>Date</u>	<u>Principal Persons</u>
Vancouver	Aug. 14	The Honourable Allan Williams together with his Deputy Minister and other senior staff members
Vancouver	Aug. 15	Don Lane from the Dept. of Industry, Trade and Commerce, Ottawa. J. Rinaldi and other senior staff members from C.E.I.C. B.C. Telephone - L.K. Smith, Director of Industrial Relations E.A. Prentice, Personnel Research Administrator.
Whitehorse	Aug. 28	Mr. D. Bell, Deputy Commissioner, Govt. of the Yukon. White Pass & Yukon, Mr. N. Rudolph, Personnel Manager. Yukon Labour Force Development Council, Mr. N. Rudolph of White Pass & Yukon, Mr. P. Hall, Director of Employment, CEIC, Mr. P. Osborne, CEIC. Canadian Brotherhood of Railway, Transport & General Workers Union. Mr. R. Boone, District Chairman, Mr. J. McNevin, Research Director and other officials.
Yellowknife	Aug. 29	Mr. John Parker, Deputy Commissioner, Government of the Northwest Territories and other senior officials
Edmonton	Aug. 30	The Hon. Neil Crawford, Minister of Labour, and other senior officials. United Transportation Union, Local 1233, Mr. John Pickett, Secretary Treasurer.

Edmonton	Aug. 31	C.B.R.T. represented by several local officials, together with Mr. J. McNevin, Research Director.
Regina	Sept. 6	Saskatchewan Union of Nurses, Mr. A.W. Shalansky, Executive Officer The Hon. Gordon T. Snyder, Minister of Labour, and other senior officials
Winnipeg	Sept. 7	The Hon. Norma Price, Minister of Labour, and other senior officials.
	Sept. 8	Lakehead Terminal Elevators Ass'n, Mr. K.B. Gray, Secretary Manager, together with several elevator representatives. C.B.R.T. Mr. R. Cowan, District Chairman, together with other local officials, and Mr. J. McNevin, Research Director.
Vancouver	Sept. 12	Telecommunication Workers Union, Mr. R.G. Donnelly, President, and Mr. D.E. Bremner, Secretary Treasurer
	Sept. 13	B.C. Teachers' Federation, Mr. R. Sundby, Assistant Director of Professional Development. Employers Council of B.C. Mr. W. Hamilton, President, together with other senior officials.
	Sept. 14	Pulp and Paper Workers of Canada, Mr. Angus McPhee, President. C.B.R.T. Mr. R. Henham, Vice-President, together with other local officials, and Mr. J. McNevin, Research Director. Canadian Pacific, Mr. W.J. Endicott, Manager, Labour Relations, and Mr. R.V. Evans, Supervisor, Labour Relations.

Vancouver	Sept. 15	Confederation of Canadian Unions, Mr. Jess Succamore, Vice-President, together with other officials. Mining Association of B.C., Mr. K. Hughes, Chairman, Standing Committee on Labour Relations, together with other officials. Forest Industrial Relations, Mr. D.A. Saunders, Chairman and Chief Executive Officer, together with other senior officials.
Fredericton	Sept. 18	P.E.I. Federation of Labour, Mr. L.R. McCormick, Vice-President, Mr. T. Bradshaw, Treasurer.
	Sept. 19	Mr. Chester Dean, Assistant Deputy Minister of Labour, together with 3 senior officials. New Brunswick Federation of Labour, Mr. John Murphy, Executive Secretary, together with two senior officials.
Halifax	Sept. 20	Nova Scotia Federation of Labour, Mr. G. Yetman, President and Mr. L. McKay, Executive Secretary. Mr. Ray Anderson, Deputy Minister of Labour, and Mr. R. Mitchell. Nova Scotia Government Employees Association, Mr. G. Bourgeios, Chief Negotiator. C.B.R.T. Mr. W.C. Vance, Represen- tative, together with other officials and Mr. J. McNevin, Research Director
	Sept. 21	Mr. T.A. Blanchard, Deputy Minister of Labour, together with 2 other senior officials. Newfoundland Federation of Labour, Mr. A. Thorne, Secretary Treasurer, Mr. S. Canning, Research Consultant. C.B.R.T. Mr. M. Barker, General Chairman, and Mr. J. McNevin, Research Director.

Toronto	Oct. 12	Canadian Ass'n of Movers, Mr. G. Barrett, Executive Vice-President.
		Christian Labour Association of Canada, Mr. E. Vanderkloet, Executive Secretary, and Mr. H. Antenides.
		Canadian Manufacturers' Association, Mr. F.C. Burnet, Chairman, National Industrial Relations Committee, Mr. P.S. Doyle, Manager, Industrial Relations and Social Affairs Dept., together with member representatives.
	Oct. 13	St. Lawrence Elevator Association, Mr. A.E. Aust, Legal Counsel, together with member representatives.
		C.B.R.T. Mr. R. Roussel, Staff Representative, together with other officials and Mr. J. McNevin, Research Director.
Montreal	Oct. 16	Air Canada, Mr. J. Barnes, Senior Manager, Human Resources Planning, and Mr. R. Daignault, Labour Relations Director, Arbitration and Legislation.
		Brotherhood of Railway, Airline, and Steamship Clerks Union, Mr. W.C.Y. McGregor, National President, and Mr. C. Gribbons, Information Services Director.
		C.B.R.T. Mr. G. Thivierge, Regional Vice-President, together with other officials, and Mr. J. McNevin, Research Director.
	Oct. 17	Bell Canada, Mr. R. McKay, Assistant Vice-President, Labour Relations, together with a senior official.
		Canadian Telephone Employees Association, Ms. Elizabeth Fenton, General Secretary.

Montreal	Oct. 17	Canadian National Railway Canadian Pacific Railway Mr. S. Cooke, Assistant Vice- President, Labour Relations, CN, Mr. R. Colosimo, Assistant Vice- President, Industrial Relations, CP together with other senior official
	Oct. 19	Nordair Ltd., Mr. J. McLarnon, Manager, Labour Relations, and Mr. J. Haney, Manager, Personnel Services. St. Lawrence and Atlantic Elevators Ass'n, Mr. S. Hartt, Senior Legal Counsel, and Mr. A.E. Aust, Legal Counsel, together with member representatives.
Toronto	Oct. 20	Ministry of Labour - Several senior officials, including representatives from Employment Standards Branch and Research Branch.
Ottawa	Nov. 2	Canada Employment & Immigration Commission. Mr. A.L. Cobb, Senior Director, Employer Services Branch, and Mr. P. Miles, Advisor, Strategic Policy and Planning. Public Service Commission, Mr. K.A. Sinclair, Assistant Director General, Staffing Branch, and Mr. C.P. Stewart, Director of Policies & Procedures, Staffing Branch. C.B.R.T. Mr. Don Nicholson, National President together with senior officials.
	Nov. 3	Atomic Energy of Canada, Mr. H.T. Hughes, General Manager, Personnel & Administration, together with three senior officials.

Ottawa

Nov. 6

Canadian Broadcasting Corporation,
Mr. G. Coderre, Vice-President,
Human Resources, and
Mr. D. Nelson, Director, Industrial
Relations.

Canadian Construction Association,
Mr. G.H. Durocher, Vice-President,
Administration and Labour Relations,
together with two other senior
officials.

United Steelworkers of America,
Mr. E.G. Docquier, National
Director, together with two senior
officials.

Nov. 7

Canadian Federation of Communication
Workers, Mr. Boris Mather, Federal
Chairman, together with other
senior officials and representatives
of other communication unions.

Canadian Motor Coach Association,
Mr. Y. Dagenais, Executive Director,
Mr. F. Lemieux, Legal Counsel, to-
gether with two senior Ass'n officials

Nov. 8

Canadian Labour Congress,
Ms. Shirley Carr, Executive Vice-
President, Mr. R. Lang, Director of
Research and Legislation, together
with three other senior officials.

Canadian Railway Labour Association
Mr. E.G. Abbott, Executive Secretary,
together with senior officials.

Nov. 9

Professional Institute of the Public
Service of Canada, Mr. C.L.
Lockhard, President, Mr. A.D. Clarke,
Co-ordinator, Member Services.

Economists, Sociologists &
Statisticians Association,
Mr. P. Crosby, President, together
with three senior officials.

Retail Clerks Union,
Mr. J.G. Seguin, Secretary-Treasurer,
Mr. I.E. Reilly, Co-ordinator.

Ottawa

Nov. 10

Canadian Nurses Association,
Ms. R. Imai, Director of Professional
Services, together with two
senior officials.

International Association of
Machinists and Aerospace Workers,
Mr. M. Rygus, General Vice-President,
together with two senior officials.

Appendix 11

Schedule of Meetings in Washington, D.C.

A.W.R. Carrothers, Chairman, C.R. Scott, Research Director, Paul Malles and Val Chapman, Secretary to the Commission, spent one week in Washington, D.C., in May 1978, and met with senior governmental officials.

May 24	International Study Conference of Employment Security Administration, Mr. R.C. Goodwin, Associate Vice-President. U.S. Chamber of Commerce, Labour Law Division, Mr. Harold Coxson. American Federation of Labour and Congress of Industrial Organizations (AFL CIO), Mr. Markley Roberts, Secretary, Bureau of Labour Statistics.
May 25 (5 separate meetings)	Department of Labour, Marvin Fooks, Director, Office of Trade Adjustment Assistance Program Harold Bratt, Deputy Director Bruce H. Millen, Acting Director, Wage and Labour Relations, ASPER. Arnold Packer, Assistant Secretary, Wage and Labour Relations. Mrs. B. Burgoon and Mr. L. Yud, Labour-Management Relations Services. Mr. Robert Edwards, Unemployment Insurance Director, together with seven senior staff members.
May 26th	Department of Commerce, Mr. Walter Farr, General Counsel, together with two senior staff members.

MANPOWER ADJUSTMENT TECHNIQUES

A. Measures Aimed at Avoiding or Reducing Lay-Offs

1. Manpower Planning

At the enterprise or industry level manpower planning should be an essential activity of human resource management. It includes the maintenance of skills inventories, skill development and acquisition planning, attrition projections, replacement planning, compensation planning and the development and full utilization of individual employees. Manpower planning is basic to the management of human resources in circumstances of change.

2. Attrition

The normal process of gross reductions in the workforce through retirement, death, incapacity, and voluntary separation. Transfers and promotions are occasionally a factor.

3. Training and Retraining

Incumbent employees can, in most circumstances, acquire required new or upgraded skills if proper training and orientation programs are applied. Federal technical and financial assistance is available for this purpose.

4. Stockpiling

Stockpiling of inventories to avoid a temporary or permanent closure involves significant investment costs and usually requires public financing on a large scale. Unless carried

4. Stockpiling (Cont'd)

out for a definite term under controlled market conditions, stockpiling is expensive and risky.

5. Government Subsidies

Occasionally an industry or particular circumstance will warrant temporary government subsidies because of their place in the national interest. These are usually restricted to companies operating in industries under federal jurisdiction or to Crown corporations.

6. Employee Ownership

While several outstanding examples exist of employees buying jointly the assets of their places of employment and operating them successfully, this is not a common occurrence. It may be an alternative, however, and professional advice is strongly recommended.

7. Use of Temporary and Part-time Employees

Some companies have realized considerable success in avoiding lay-offs by means of attracting a cadre of temporary and part-time employees. In some industries in particular - e.g. air transport - many persons prefer temporary or part-time employment and this group is flexible enough to absorb changes in their numbers of hours worked without undue hardship. The permanent employees are rarely affected by lay-offs.

B. Mitigation of the Effects of Lay-offs

1. Employment Finding Activities

The most effective mitigating measure for the laid off employee is employment. In addition to individual efforts, with the help of family and friends, the most effective means of locating alternate employment is through the efforts of the present employer. An effective technique is to organize a team consisting of representatives of the employer, the union, Employment and Immigration Canada, and perhaps the community. This team should be accountable to the Adjustment Committee and ultimately to the employees who will be laid off.

2. Institutional Training

Full time training with living allowances is available through the Canada Employment Centres in provincial institutions under the Adult Occupational Training Act (Canada). Courses are designed to provide new skills or upgrade existing skills so that the individual's employment potential is enhanced.

3. Severance Pay

Normally, severance pay is related to length of service. The Canada Labour Code (Part III: S.61) provides for 2 days pay for each year of continuous service after 5 years. Neither the statutory minimum nor the rates normally negotiated are sufficient to be considered income replacement. For the

3. Severance Pay (Cont'd)

employee who locates alternate employment immediately or soon after lay-off, severance pay represents a windfall gain.

4. Supplemental Unemployment Benefits

These are negotiated plans providing compensation for wage loss to laid off workers usually in addition to public unemployment insurance.

5. Supplemental Early Retirement Benefits

Employers will occasionally provide a "top-up" supplemental benefit in order to facilitate the early retirement of employees who might not otherwise retire because of inadequate pensions, thus the workforce is reduced through stimulated attrition.

6. Mobility Allowances

a. The Canada Manpower Mobility Program provides several types of grants including those for job exploration and relocation to facilitate employment finding;

b. Employers will occasionally provide relocation grants to enable redundant employees to take employment in another of its operations.

7. Preferential Hiring

The practice of preferred hiring of laid off employees is usually found in a particular industry with an industry-wide collective agreement. Occasionally the practice is found in one company with several geographically separated operations.

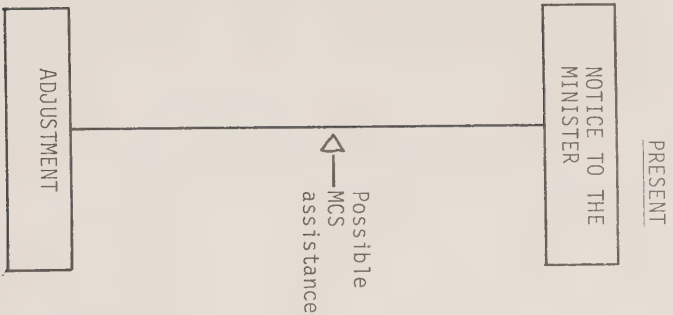
8. Portable Wage Subsidies

Employees laid off as a result of redundancy would carry with them a government wage subsidy to which a new employer would be the beneficiary.

9. Special (International Trade) Adjustment Assistance

This type of assistance refers to government efforts to minimize the hardships accruing to workers as a result of anticipated trade liberalization and the consequent realignment of industrial activity. Assistance programs currently contemplated fall into two categories: income compensation policies and re-employment promotion policies.

APPENDIX "A"



Time table
provided in
section 60 (1)
Canada Labour
Code

PRESENT AND PROPOSED PROCESS
FOR

DEALING WITH NON-TECHNOLOGICAL CHANGE

